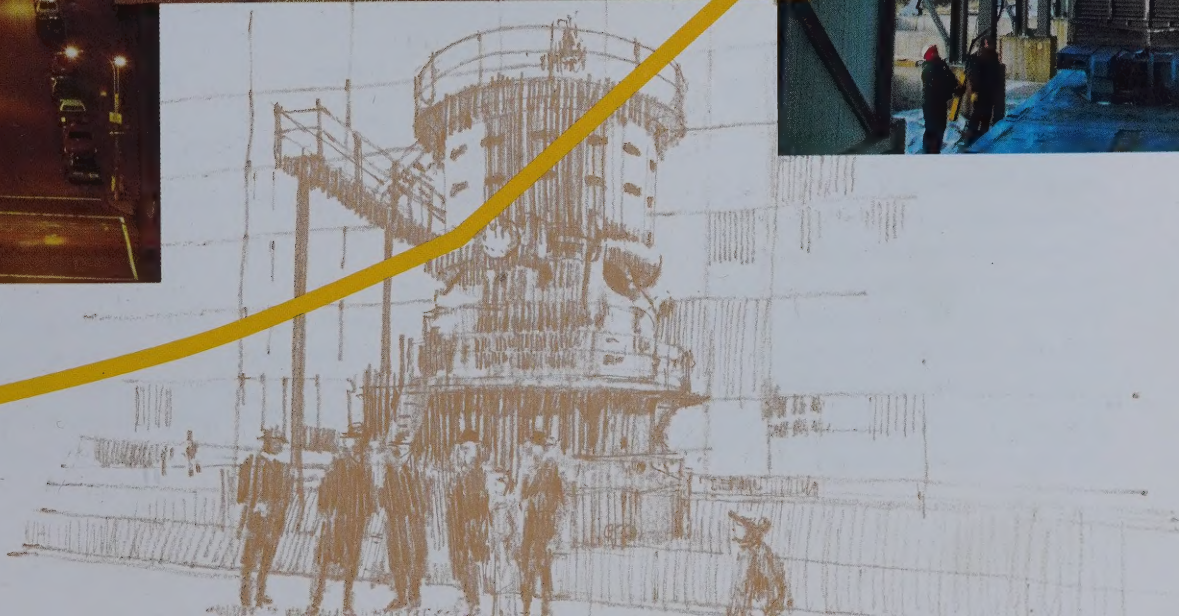
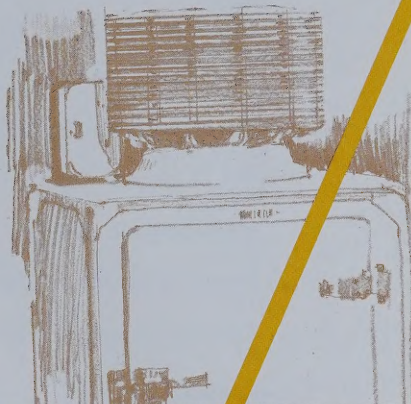
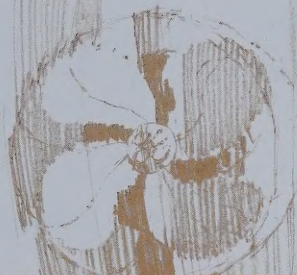
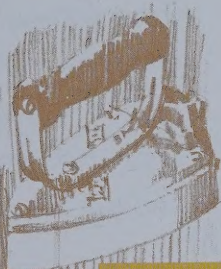


INVESTOR

1973 Annual Report

Electricity enters its Century Two
as the preferred way
to power 'Progress for People'

AR26



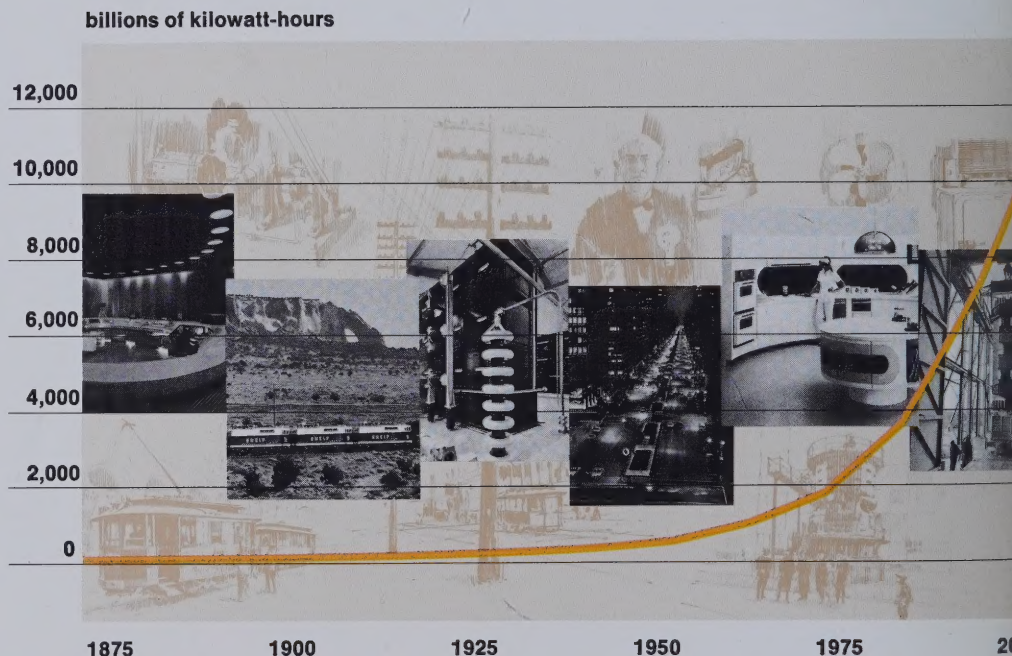
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Covers

A golden curve traces the trend in electrical usage from its very beginnings a century ago to today and projects it through the year 2000. This upward trend was started by the great pioneers who, in electricity's Century One, made electrical technology a versatile new problem solver, and has been accelerated by the steadily improved efficiencies in conversion of fuels to electrical energy. The increasing momentum in the industry's Century Two reflects the powerful new drive to conserve diminishing oil and gas resources by shifting an ever greater share of the world's energy production to coal- and nuclear-fueled generation.

Pictured: General Electric technologies that are helping to make electricity the preferred way to power "Progress for People": industrial systems to increase productivity, electrified transportation, improved electrical transmission—via GE solid-state systems, urban lighting that delivers twice the light from the same amount of energy, appliances for better living through clean electric power, and new techniques for increasing the use of nuclear energy.



1973 Financial highlights

(Dollar amounts in millions; per-share amounts in dollars)

Summary of operating results	1973	1972
Sales of products and services	\$11,575	\$10,239
Operating costs		
Employee compensation, including benefits	4,710	4,168
Materials, supplies, services and all other operating costs	<u>5,910</u>	<u>5,256</u>
	<u>10,620</u>	<u>9,424</u>
Operating margin	955	815
Other income	184	189
Interest and other financial charges	<u>(127)</u>	<u>(107)</u>
Earnings before income taxes and minority interest	1,012	897
Provision for income taxes	(419)	(364)
Minority interest	<u>(8)</u>	<u>(3)</u>
Net earnings	<u>\$ 585</u>	<u>\$ 530</u>
Earnings per common share	\$3.21	\$2.91
Dividends declared per common share	\$1.50	\$1.40
Earned on share owners' equity	18.1%	18.0%

	Sales		Net earnings		Earnings as a percentage of sales	
Operating results by major categories	1973	1972	1973	1972	1973	1972
Industrial Power Equipment	\$ 2,477	\$ 2,249	\$118	\$120	4.8%	5.3%
Consumer	3,097	2,782	149	144	4.8	5.2
Industrial Components and Systems	3,728	3,158	186	160	5.0	5.1
Aerospace	1,611	1,514	39	27	2.4	1.8
International	2,318	1,830	151	99	6.5	5.4
General Electric Credit Corporation	—	—	42	41	—	—
Corporate eliminations & unallocated items	<u>(1,656)</u>	<u>(1,294)</u>	<u>(100)</u>	<u>(61)</u>	—	—
Total Company	<u>\$11,575</u>	<u>\$10,239</u>	<u>\$585</u>	<u>\$530</u>	5.1	5.2

Sales and net earnings by major category throughout this Report include intercategory transactions. To the extent that sales and earnings are recognized in more than one category, appropriate elimination is made at corporate level. Net earnings for each major category are after allocation of corporate items such as expenses of headquarters personnel, corporate research and development, interest and other financial charges and income as well as income taxes. Unless otherwise indicated by the context, the terms "General Electric" and "Company" are used on the basis of consolidation described on page 30.

The Chairman comments:

"In 1973, General Electric moved to new highs in earnings, sales and orders. The new 'energy economics' resulting from shortages in fossil fuels enhances growth opportunities for the electrical industry by favoring a stronger shift to electrical technologies—particularly nuclear—to meet world energy needs."

General Electric people achieved a strong performance in 1973.

Earnings of \$585 million, or \$3.21 per share, amounted to a 10% gain. This fourth consecutive year of increased earnings was realized in the face of substantial inflation and other uncertainties.

The 1973 gain was achieved without help from "inventory profits," since the LIFO (last in, first out) method of accounting for U.S. inventories results in conservative valuation of these assets during inflationary periods. Our 1973 LIFO provision of \$126 million was four times the \$31-million provision in 1972.

Moreover, only three cents of 1973 per-share earnings came from sales of our holdings in Honeywell stock, compared with 11 cents in 1972—the result of our reduced sales of these shares in a year of generally depressed stock market conditions.

These adverse factors were more than offset by improved operating income from the sales of our products and services.

Sales billed rose 13% above the 1972 volume to an \$11.6 billion total. Gains by the Company's business sectors in 1973 were led by international operations, supported both by our greatest year ever in exports from the U.S. and improved results from many overseas affiliates.

Industrial operations substantially improved their performance on the strength of a resurgence in sales of producer goods, together with high levels of sales of man-made materials, industrial components, medical systems and computer information services.

We further increased the levels of shipments of industrial power equipment, both for power generation and delivery—an essential contribution to helping our utility customers meet the needs for more electric power.

Demands for GE consumer goods were very strong, requiring production at virtually full capacity throughout most of the year.

Despite higher interest costs, the General Electric Credit Corporation was able to achieve a 1973 earnings performance about equal to 1972's exceptional level.

And a strong performance by commercial aircraft engine operations gave a welcome lift to the aerospace sector.

Another record-breaking year in orders built our orders backlog to a new high exceeding \$14 billion, up 25% from the 1972 year-end backlog. We expect to deliver about one-third of these orders in 1974, with the other two-thirds applying to our billing in 1975 and subsequent years.

Dividends declared for share owners were increased to \$1.50 a share for 1973 as the result of the Board of Directors' decision in September to raise the quarterly dividend rate. The new current rate of \$1.60 per share annually amounts to a 14% increase over the previous \$1.40 rate.

Completion of 37-month labor union contracts in mid-1973 provides both for employee progress and for sustained production through June 1976.

The shape of the U.S. and world economies in 1974 will obviously be influenced by the duration and intensity of the Mid-East oil embargo. Prospects for at least the year's first half have already been dimmed—both by the physical disruptions imposed by fuel shortages and by their psychological impact on consumers.

In our view, however, the basic economy of the U.S. remains strong. An easing of the embargo by mid-year could alleviate the adverse effects to some degree and

stimulate a period of recovery in the last half of 1974.

The energy challenge has several special facets of meaning for General Electric.

One critical aspect is the need to conserve the fuel available to us in order to minimize the impact on our services to customers and on our employment levels. With GE people joining wholeheartedly and resourcefully in a Company-wide energy utilization and conservation program, our present expectation is that we can avoid any substantial disruption to our operations because of energy shortages.

The need to conserve energy applies to electricity, even though only about 17% of U.S. electric power is generated using oil as a fuel. Consequently, we are striving to be sources of practical ideas for saving electricity. We are also emphasizing greater efficiencies in our products and technologies in order to conserve energy.

Long-term, the new "energy economics" resulting from shortages in fossil fuels enhances growth opportunities for the electrical industry by favoring a stronger shift to electrical technologies to meet world energy needs. Electricity has the great virtue of delivering clean power from the full range of fuel sources. Most importantly, electric power generation can be based on nuclear fuels which provide the best solution from the standpoint of environmental impact, economics and independence from foreign sources of supply. While we continue to pursue energy research on many fronts, the light water reactor, such as the BWR developed by General Electric, offers a sound, tested alternative to fossil fuels for the decades ahead.

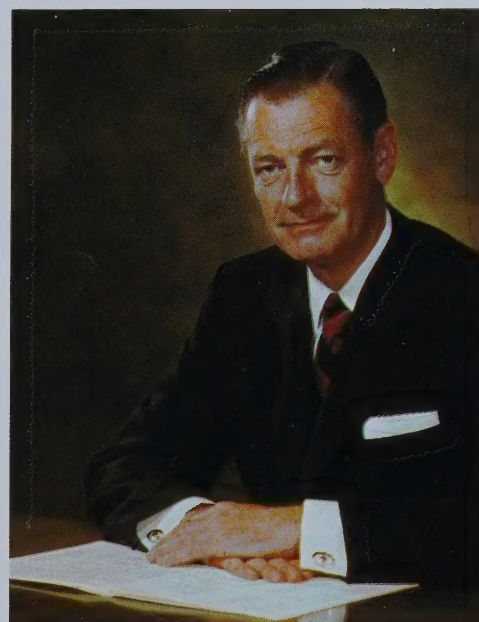
Another source of confidence for us is the continued development of a strategic planning system that provides a strong discipline for differentiating the allocation of resources—that is, investing most heavily in areas of business that we identify as offering the greatest leverage for earnings growth, while minimizing our investments in sectors we see as growing more slowly or remaining static.

In view of these favorable factors and opportunities for greater service to society, management throughout the Company has accepted the challenge to achieve, over time, the sustained improvement in earnings that will distinguish General Electric as an outstanding growth enterprise.

This Annual Report takes new steps in share owner communications. One is its increased financial content, aiming at supplying investors with more meaningful financial information, short of disclosures that would benefit our competitors. The other step is to include reports by the chairmen of the committees established by the Board to appraise and enhance the performance of management in five key result areas. The change gives appropriate recognition to the Board's active and dedicated performance in the share owners' interest. Since each of the committees is chaired by a Director who is not a Company employee, the change also emphasizes the independent perspective these committees provide in assuring that the great resources of General Electric are applied wisely and responsibly to the larger interests of society as a whole.

Reginald A. Jones

Chairman of the Board and Chief Executive Officer
February 15, 1974



Board of Directors

New committee structure of General Electric's Board comes into full operation

Five new committees formed in a mid-1972 realignment by the Board of Directors completed their first full year's operation in 1973. The consensus of Board members is that the committees are proving successful in their objective of insuring optimum utilization of Directors' time and abilities in reviewing matters of greatest importance to General Electric.

Formerly, the Board as a whole in its monthly meetings covered all areas of concern across the entire enterprise, supported by the work of three committees. Recognizing the broadened range of issues and the new challenges with which Directors must concern themselves, the new structure assigns specific functions to five committees. The more critical areas of the Board's responsibilities receive concentrated attention in committee sessions preparatory to full Board deliberations. In addition, the Board has streamlined its operations so that more of its time is spent on key risks and opportunities as well as on resource allocation and planning.

As indicated by summaries for each of the five committees included in this Annual Report, full functioning of the committees in 1973 was felt to be a significant factor in reinforcing the role of the Directors as monitors of the Company's performance and in enabling the Board to keep pace with the increasing complexity of the business environment.

Members of the Board are listed at right in the order of their seniority on the Board, with the year they were first elected to the Board shown in parentheses. Only four of the Directors are members of General Electric management. The other 15 (pictured far right) are from outside the Company, having earned positions of leadership in business, finance, education and public service.

Gilbert W. Humphrey, Chairman of the Board and Director, The Hanna Mining Company, Cleveland, Ohio. (1955)

Frederick L. Hovde, President Emeritus, Purdue University, Lafayette, Ind. (1956)

John E. Lawrence, Proprietor, James Lawrence & Co., cotton merchants, Boston, Mass. (1957)

Walter B. Wriston, Chairman and Director, First National City Corporation, New York City. (1962)

Dean A. McGee, Chairman of the Board and Director, Kerr-McGee Corporation, natural resources, Oklahoma City, Okla. (1962)

Ralph Lazarus, Chairman of the Board and Director, Federated Department Stores, Inc., Cincinnati, Ohio. (1962)

Gilbert H. Scribner, Jr., President and Director, Scribner & Co., real estate and insurance, Chicago, Ill. (1962)

Edmund W. Littlefield, Chairman of the Board and Director, Utah International Inc., mining and ocean shipping, San Francisco, Cal. (1964)

J. Paul Austin, Chairman of the Board and Director, The Coca-Cola Company, Atlanta, Ga. (1964)

Thomas S. Gates, Director, J. P. Morgan & Co., Inc. and Morgan Guaranty Trust Company of New York, New York City. (1964)

Jack S. Parker, Vice Chairman of the Board and Executive Officer, General Electric Company, New York City. (1968)

Herman L. Weiss, Vice Chairman of the Board and Executive Officer, General Electric Company, New York City. (1968)

Walter D. Dance, Vice Chairman of the Board and Executive Officer, General Electric Company, New York City. (1971)

Reginald H. Jones, Chairman of the Board and Chief Executive Officer, General Electric Company, New York City. (1971)

James G. Boswell II, President, J. G. Boswell Company, farming and related businesses, Los Angeles, Cal. (1971)

Charles D. Dickey, Jr., Chairman, President and Director, Scott Paper Company, Philadelphia, Pa. (1972)

Henry L. Hillman, President and Director, The Hillman Company, diversified operations and investments, Pittsburgh, Pa. (1972)

Silas S. Cathcart, Chairman of the Board and Director, Illinois Tool Works Inc., diversified products, Chicago, Ill. (1972)

Henry H. Henley, Jr., President and Director, Cluett, Peabody & Company, Inc., manufacturing and retailing of apparel, New York City. (1972)

The Board regretfully notes the deaths of two former long-service Directors:

Ralph J. Cordiner, Chief Executive Officer of General Electric from 1950 to 1963, died on December 4, 1973 at the age of 73. He will be remembered both in the annals of General Electric and in the literature on management philosophy for his pioneering of the Company's decentralized management system. He set the Company on a course of progress and growth that added "a new General Electric" during his tenure as chief executive officer and that continues to provide an inspiring example of vision and leadership for those who follow in his steps.

George G. Montgomery, a director of General Electric from 1948 to 1966, died on January 2, 1974 at the age of 79. Mr. Montgomery was also former Board Chairman of the Kern County Land Company, San Francisco, Cal.

Committees of the Board of Directors**Operations**

J. P. Austin, *Chairman*
 W. D. Dance, *Vice Chairman*
 J. G. Boswell II
 C. D. Dickey, Jr.
 H. L. Hillman
 R. H. Jones
 J. E. Lawrence
 R. Lazarus
 J. S. Parker
 H. L. Weiss

Technology and Science

F. L. Hovde, *Chairman*
 H. L. Weiss, *Vice Chairman*
 S. S. Cathcart
 C. D. Dickey, Jr.
 E. W. Littlefield
 D. A. McGee
 J. S. Parker
 G. H. Scribner, Jr.
 W. D. Dance*
 R. H. Jones*

Public Issues

G. W. Humphrey, *Chairman*
 J. S. Parker, *Vice Chairman*
 J. G. Boswell II
 T. S. Gates
 H. H. Henley, Jr.
 H. L. Hillman
 F. L. Hovde
 H. L. Weiss
 W. D. Dance*
 R. H. Jones*

Management Development and Compensation

R. Lazarus, *Chairman*
 J. P. Austin
 G. W. Humphrey
 E. W. Littlefield
 W. B. Wriston

Audit and Finance

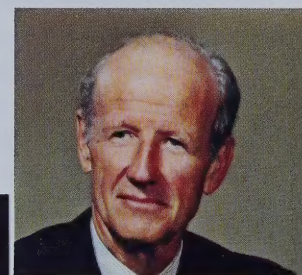
J. E. Lawrence, *Chairman*
 R. H. Jones, *Vice Chairman*
 S. S. Cathcart
 T. S. Gates
 H. H. Henley, Jr.
 D. A. McGee
 G. H. Scribner, Jr.
 H. L. Weiss
 W. B. Wriston
 W. D. Dance*
 J. S. Parker*



J. Paul Austin



Gilbert W. Humphrey



John E. Lawrence



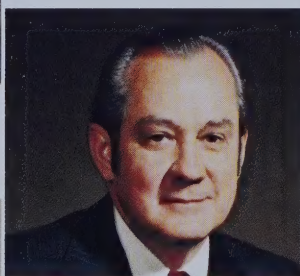
Frederick L. Hovde



Ralph Lazarus



James G. Boswell II



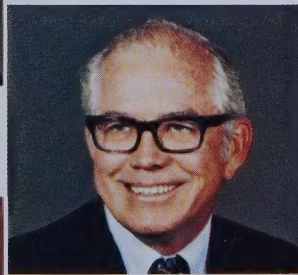
Henry H. Henley, Jr.



Thomas S. Gates



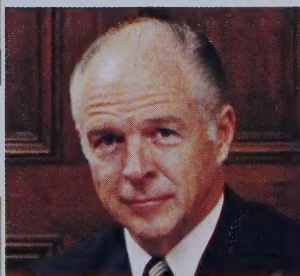
Silas S. Cathcart



Edmund W. Littlefield



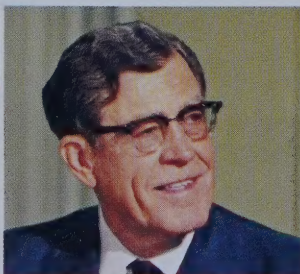
Charles D. Dickey, Jr.



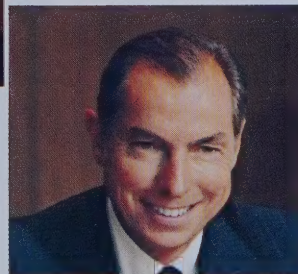
Henry L. Hillman



Gilbert H. Scribner, Jr.



Dean A. McGee



Walter B. Wriston

Ex Officio Members

Operations Committee

It is not the purpose of this Committee of the Board to assume any of management's responsibilities for the day-to-day functioning of the Company. Rather, we see our role as that of representing the share owners' interests by reviewing management's long- and short-term operating plans and the strategic planning process, and by concentrating on critically important business undertakings which might benefit from our members' experience and perspective.

The Committee's meetings during 1973 held to these overall objectives. Considerable depth of study was given to the potential impact that both short-term and long-range economic trends could have on Company operations. The application of strategic planning procedures to specific operations was reviewed with the Senior Vice President—Corporate Strategic Planning. Attention was given to selected businesses representing particular challenges and opportunities.

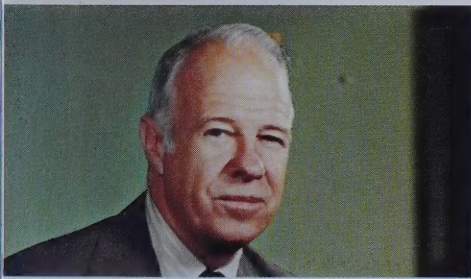
We consider the work of the Committee to be evolutionary. On the basis of our experience in 1973, we see the Committee serving as an increasingly effective link between operating management and the Board.

J. Paul Austin, *Chairman*



Review of Operations

To General Electric's industrial power and consumer sectors, the challenge of the energy fuels crisis is to lead in shifting more of the world's economies to coal- and nuclear-based electric power."



Walter D. Dance, Vice Chairman and Executive Officer, whose responsibilities include the Company's power generation, power delivery, major appliance and consumer products operations.

Emphasis on nuclear safety is typified by this GE IF-300 shipping cask used to transport fuel bundles from nuclear power plants to the Company's Midwest Fuel Recovery Plant at Morris, Ill. Culminating five years of design, manufacturing and testing, the 18-foot containers can weigh up to 70 tons when loaded and withstand the most severe postulated accidents.

General Electric operations producing electric power apparatus worked full-tilt in 1973 to position electric utilities to meet more of the world's energy needs. And GE's consumer goods operations offered consumers new energy-saving options in appliances and high-efficiency heat pumps. These responses to the energy challenge highlight a year of record performance by General Electric on both sides of the electric meter.

Industrial Power Equipment

(In millions)

	1973	1972	1971	1970	1969
Sales	\$2,477	\$2,249	\$2,131	\$1,880	\$1,474
Net earnings	118	120	114	87	-11

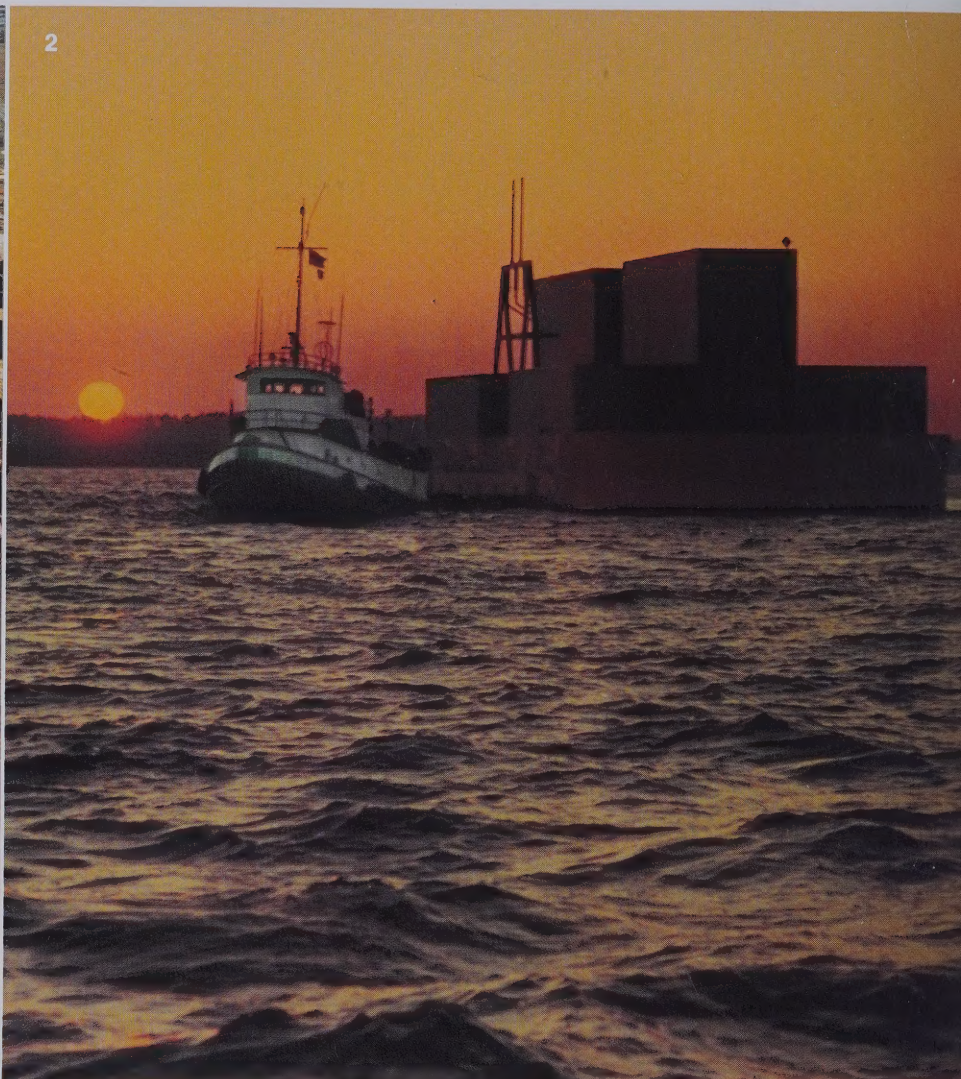
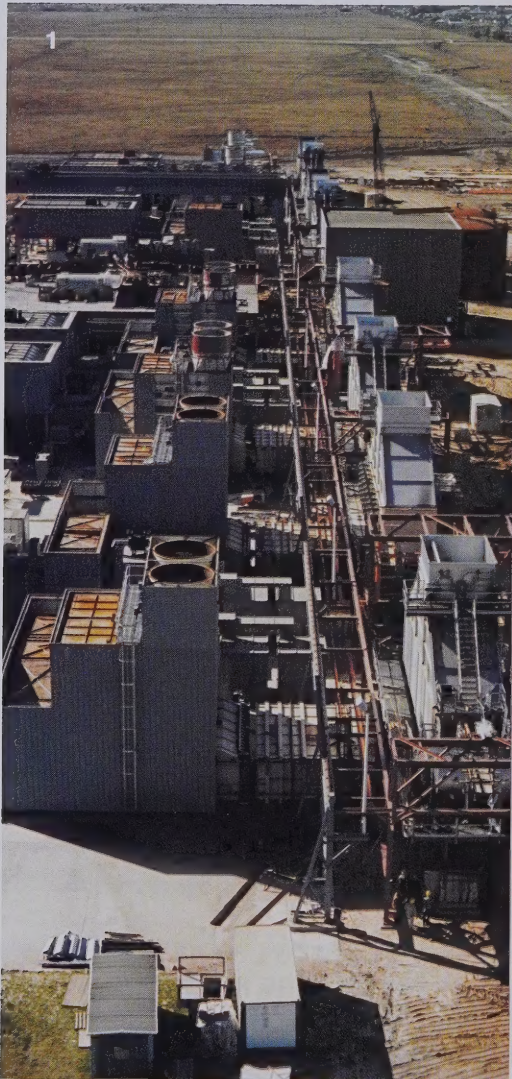
Representative products and services: gas turbines, installation and service engineering, insulators, marine turbines and gears, mechanical drive turbines, meters, nuclear power reactors and fuel, power circuit breakers, steam turbine-generators, switchgear, transformers and other power apparatus for industry.

Record shipments and sales enabled General Electric power generation and delivery operations to produce 19% of the Company's total sales and 17% of total earnings in 1973. The 1973 provision required under the LIFO method of accounting to reflect current costs in operations was particularly significant in this category. A record volume of new orders built the orders backlog for industrial power equipment to an unprecedented \$10.2 billion at year end.

In terms of power generation, General Electric in 1973:

- Increased shipments of steam turbine-generators to a new high of 22 million kilowatts. New commitments from customers raised the orders backlog for this power generation equipment to 130 million kilowatts. The year was capped in December by receipt of the largest turbine-generator order ever placed—a quarter-billion-dollar award for six units for nuclear power plants.
- Increased international orders of gas turbines, thus helping to counterbalance some of the slowing in domestic orders attributable to petroleum shortages. The Company is pressing its development of multiple fuel-burning capability for gas turbines, including use of waste gases, gasified coal and residual oil. Another significant 1973 development was strong customer acceptance of the Company's regenerative-cycle gas turbine generators. The units offer increased efficiencies by recovering and utilizing gas turbine exhaust energy, thus minimizing fuel consumption and lowering overall fuel costs.
- Received orders for 13 BWR/6 nuclear reactor systems, increasing to 33 the number of these systems ordered since they were introduced in 1972 and raising to 96 the total of GE-equipped nuclear plants completed or on order.
- Expanded international nuclear fuel facilities. Fuel fabrication began at a new jointly-owned plant in Italy and is being expanded at other jointly-owned plants in Japan and West Germany. In the United States, fuel fabrication capacity is being doubled at our Wilmington, N.C., plant, and our Midwest Fuel Recovery Plant near Morris, Ill., was readied for reprocessing spent fuel recovered from operating nuclear plants.

Nuclear power, in our view, is the segment of the electric power industry capable of making the greatest contribution to meeting the inevitable worldwide growth in energy needs. We strongly support the AEC's policies for shortening the licensing



(Industrial Power Equipment continued)

procedures for nuclear plants and for achieving standardization of nuclear plant designs. A General Electric proposal for a standardized plant design was accepted by the AEC for review.

Another GE technology at work to ease the fuel shortage is that of steam turbine propulsion for ships. GE's U.S. operations, working with manufacturing associates abroad, met increased commitments for these units to power new supertankers and established a significant foothold in the new market for propulsion systems for liquefied natural gas carriers.

General Electric operations supplying power delivery markets accelerated the modest upturn in sales that began in 1972. Power distribution equipment set the pace, with sales of transmission apparatus, industrial switchgear and lighting systems also showing gains.

These operations are emphasizing research on the energy and environmental fronts. Research in higher voltage transmission via alternating-current lines, as one example, enables utilities to deliver power more efficiently over their transmission rights-of-way. We are currently engaged in a cooperative study with utilities to determine the feasibility of 1.3-million-volt transmission and are planning tests up to 1.5 million volts for the Electric Power Research Institute.

GE has established a leading position in solid-state direct-current transmission—a technology that permits carrying two to three times the power of AC lines on the same right-of-way. In 1973 we received a key order for conversion equipment to be used at both ends of a high-voltage direct-current line from a mine-mouth generating plant in North Dakota to Duluth, Minn., 460 miles away.

The Company's developments are improving the appearance of power delivery equipment. A new line of substations introduced in 1973 for installation in land-scarce urban areas requires only one-tenth the area of conventional substations. All current-carrying components are completely enclosed.

Again, we are meeting utilities' concerns for "clean horizons" through underground distribution systems. Nearly two-thirds of new homes built in 1973 were served by underground systems, compared with 2% a decade ago.

Progress was made during 1973 in resolving disputes with utility customers. The suit filed in 1971 by Jersey Central Power and Light Company, arising out of the delayed completion of the Oyster Creek turnkey nuclear station, was settled. A settlement was also reached with Commonwealth Edison Company disposing of disputes under the 1965-66 turnkey contracts for the construction of four nuclear turnkey plants.

The antitrust suit filed in 1971 by American Electric Power Company, challenging General Electric's turbine-generator pricing policies, continues in its pretrial phase and a final decision is unlikely until the late 1970's. Based on the existing state of the law, we are confident of our ability to prevail, but the outcome is, of course, subject to the inevitable uncertainties of litigation. General Electric has granted an extension of the statute of limitations to other utilities with respect to their purchases of turbine-generators.

GE has received, through 1973, nuclear fuel orders totaling \$1.9 billion, essentially for delivery through the mid-1980's. The Company's customers have required that fuel be sold with warranties related to fuel life span. Experience with fuel life is still not sufficient to assure how the fuel will perform in comparison with warranties.

1. Two General Electric STAG-400 generating plants being installed at Houston Lighting & Power's T. H. Wharton Station combine the low cost advantage of heavy-duty gas turbines with the high thermal efficiency of steam turbines, resulting in long-term overall economic and environmental benefits. GE STAG plants also offer operational flexibility and reduced installation time.

2. A Brazil-bound GE multiple gas turbine power system moves by water from Bath, Maine, to its ultimate destination at Salvador, Bahia. The 131-megawatt barge-mounted unit will provide vitally needed generating capacity to booming Brazil.

3. The "Crossroads of Light" at the Company's Hendersonville, N. C., plant visually demonstrates the technological advances of outdoor lighting systems such as Lucalox® both to conserve energy and to provide needed light for safety and security.

4. General Electric's new StyleMaster® substation helps electric utilities like Massachusetts Electric Company meet the growing need for electric power equipment that is esthetically compatible with the environment.

Consumer

(In millions)

	1973	1972	1971	1970	1969
Sales	\$3,097	\$2,782	\$2,383	\$1,969	\$2,155
Net earnings	149	144	106	77	122

Representative products and services: air conditioners, appliance service, broadcasting, clotheswashers and dryers, dishwashers, heat pumps, lamps, personal and portable appliances, radio and television receivers, ranges, refrigerators, stereo equipment and tape recorders.

Consumer goods and services, accounting for 23% of GE's 1973 sales and 22% of earnings, were characterized by a year of strong sales growth.

For most of 1973 the main challenge to our major appliance operations was to produce enough appliances to meet demand. Buoyed by major additions to capacity in recent years, these operations realized sales gains that exceeded those for the industry. Air conditioners, dishwashers, refrigerators and freezers were strong performers.

While adjusting for a somewhat slower pace in the early months of 1974, our appliance operations are continuing to add new capacity in anticipation of long-term growth. Among several new facilities under construction are a major building for laundry equipment at Appliance Park-East, and a refrigerator plant in Decatur, Ala. Plans for higher sales levels are based in part on higher rates of family formation expected in the late '70's.

Six new Company-owned major appliance service centers were opened in 1973, bringing the total at year's end to 112. Our Consumers Institute has been reorganized and now has regional directors in Atlanta, Chicago, New York and San Francisco. Also, 102 consumer coordinators in field distribution offices are helping consumers find answers to their questions about major appliances.

Other consumer operations continued their sales growth in 1973, although profitability was affected by cost increases that outpaced the price improvements granted under government controls. GE housewares recorded modest gains, led by electric clocks, self-cleaning spray and dry irons, the Toast-R-Oven® toaster and such personal care products as shaving cream dispensers and hair detanglers.

Sales of home entertainment products also increased, with audio products, tape recorders and television receivers all sharing in the gains.

Our lamp business continued to expand throughout most of the year, with good growth rates realized in miniature, high-intensity-discharge Lucalox and solid-state lamps. Growth rates in markets for lamp products may be expected to moderate in 1974 as the result of light-conservation measures stemming from the energy shortage.

General Electric continued to conduct four consumer-oriented service businesses: broadcasting stations, cablevision systems, entertainment productions and, as reported below, financial services.

General Electric Credit Corporation

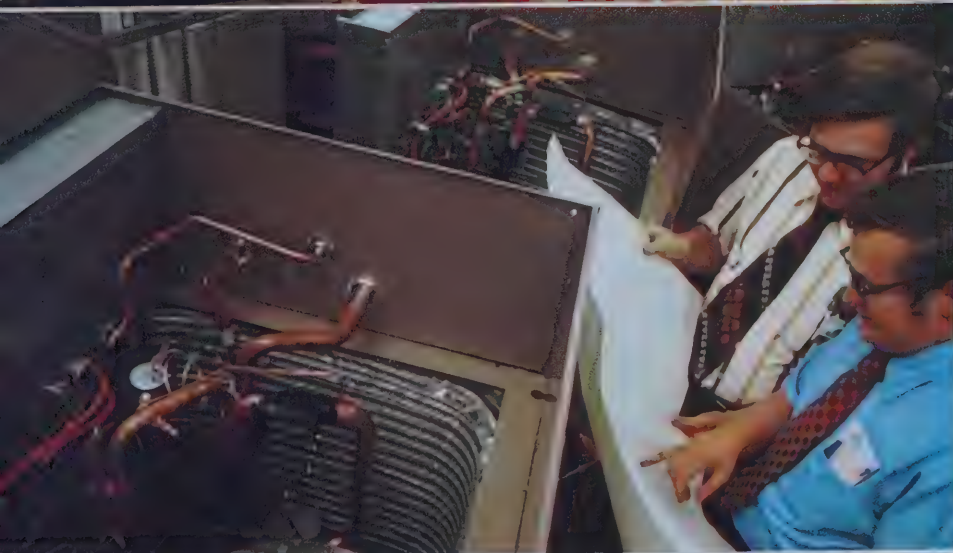
(In millions)

	1973	1972	1971	1970	1969
Net earnings	\$42	\$41	\$31	\$20	\$15

Despite the increased interest costs which prevailed, 1973 net earnings of this wholly-owned non-consolidated affiliate were about the same as 1972's exceptional level. The Corporation continued its expansion into the insurance field with the purchase of the Puritan Life Insurance Company in 1973.

General Electric people are working on many fronts to offer customers appliances that save work and energy while offering the latest in conveniences:

- 1. Energy-saving options being offered to consumers include power-saver switches on refrigerators and dishwashers. Another, shown here in a new modular kitchen unit produced by the Major Appliance Group for the builder market: the King Size Toast-R-Oven, one of the Housewares Division's outstanding performers, which can be used as an automatic toaster, top browner or oven.*
- 2. The energy crisis has focused new attention on some products in which General Electric is exceptionally strong, particularly the highly reliable Weathertron® heat pump. As fossil fuel becomes scarcer and more expensive, the efficiency of the heat pump—which supplies twice as much heat output as the electric energy needed to operate it—becomes more significant. The Company will increase its production of these remarkable heating/cooling systems in 1974.*
- 3. New TV Band and Electronic Digital Clock Radios developed in the Audio Electronics Department were styled in the Industrial Design Laboratory.*
- 4. GE television receivers, with features such as 100% solid-state modular chassis and Spectra-Brite® IV picture tube, are enjoying increasing acceptance in the marketplace.*
- 5. Zoom Plus®, new personal care product, is a hair dryer, detangler and styler.*



Operations *(continued)*

"GE's industrial sector, positioned squarely in the thrust of important economic, technological and social trends, was a strong performer in 1973."



Herman L. Weiss, Vice Chairman and Executive Officer, whose responsibilities include the industrial, components and materials, and special systems and products operations.

Moving coal across the desert of northern Arizona is the world's first 50,000-volt electric locomotive, built by General Electric. The trains transport the coal fueling the Navajo Generating Station.

GE products such as the Logitrol[®] programmable controller are helping industry boost productivity through the reliability of solid-state control, as in this large automotive foundry.

General Electric operations serving industrial components and systems markets achieved new highs in performance in 1973, contributing 28% of the Company's total sales and 27% of total earnings. An upsurge in industrial output and industry's expenditures to enlarge capacity and improve productivity were important factors in achieving this growth. So were the Company's operations serving major growth sectors in materials and components, public transportation, health care and communications.

Industrial Components and Systems

(In millions)

	1973	1972	1971	1970	1969
Sales	\$3,728	\$3,158	\$2,865	\$2,848	\$2,774
Net earnings	186	160	141	97	98

Representative products and services: adjustable and constant-speed drives, ballasts, batteries, capacitors, communication systems, computer time-sharing, controls, cutting tools, electric motors, electronic tubes, equipment service, industrial heating, insulating materials, medical systems, plastics, silicones, transportation systems, wire and cable and wiring devices. General Electric operations supplying industrial producer goods benefited from a year of sustained recovery from the slump in these markets that began to ease in 1972. A strong increase in orders during 1973 built a substantial backlog by year end. Numerical controls and general purpose controls for machine tools made particularly good gains.

The pressures are strong on industry to continue its capital expansion despite the new year's economic uncertainties. Many companies, encountering capacity bottlenecks in 1973, will invest in new equipment in order not to limit their participation in the economy's next expansion. And with hourly wage increases outrunning productivity gains by wide margins, the need to increase output per manhour is critical to industry as well as to the nation's fight against inflation. The drive to improve productivity has escalated to a worldwide competition—one that finds U.S. industry generally equipped with over-age production systems.

GE has well-established businesses in automation systems, drive motors and controls. New markets being served include oil well drilling drives, controls for precipitators used in environmental protection and plastic molding machine controls.

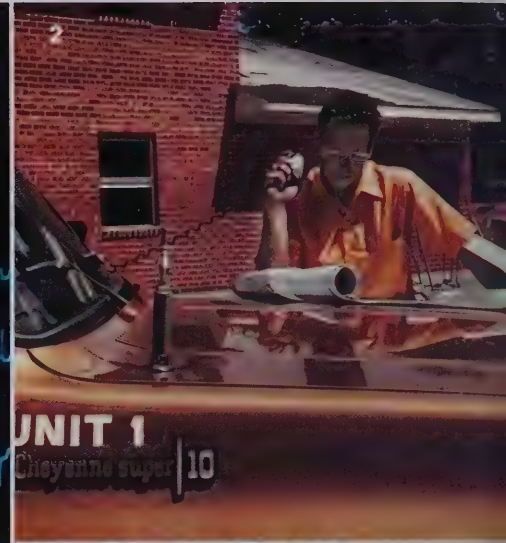
Prospects continue to be good for GE operations serving non-residential construction markets in 1974. International markets for industrial products also offer the potential for significant sales gains.

General Electric's Apparatus Service Division, whose diverse maintenance and repair skills are applied to industrial products ranging from turbines and locomotives to delicate instruments, continued its worldwide expansion by opening six new service shops in 1973.

Purchase of an interest in the English firm of Allen West and Company, Ltd., manufacturer of industrial controls, strengthens General Electric's position in Europe.

Markets were strong for GE components supplied to light industrial, construction, appliance and electronic markets. The diversity of applications of these products offers a hedge against economic slowdowns. While appliance and construction components boomed with their industries in 1973, other segments are expected to set the pace in 1974: rechargeable batteries, semiconductors and electric motors for industrial and agricultural use.





(Industrial Components and Systems continued)

Engineering plastics continue to exhibit remarkable growth in the worldwide materials business, with GE's plastics outpacing the industry as a whole. This growth results from greater penetration of markets formerly held by metal castings and glass glazing materials. While shortages in raw materials are causing us some short-term disruptions in production, we are overcoming these supply problems and do not expect them to impact on the long-term growth prospects for this business. General Electric's business in silicones experienced the most successful year in its 25-year history.

Greater productivity is the theme of our metallurgical businesses. Carboloy Systems, for example, recently opened a unique customer application center in Detroit, which provides a broad array of machine tools for use in solving customers' critical production problems. Man-made[®] industrial diamonds and the new Borazon[®] CBN abrasives are reducing tooling costs by providing a more efficient means of cutting and grinding a variety of materials.

Renewed emphasis on mass transit and rail freight shipments is resulting from the growing importance of rail transportation efficiencies in the light of current fuel shortages. For example, studies show that intercity shipments by rail require approximately 75% less energy than shipments by truck. High levels of orders, both domestic and international, sustained new levels of production of GE diesel-electric locomotives in 1973. Studies with several railroads are underway on electrification of mainline service. Facilities for transit car production are being utilized to fill commitments for mass transit equipment such as additional GE commuter cars for the New York and Philadelphia metropolitan areas.

Serving the increasing social commitment to better health care, we are allocating substantial resources to our medical systems business—the leading domestic manufacturer of professional medical equipment and an increasingly strong competitor in international markets. Our investments include a new \$23-million plant nearly completed at year end near Milwaukee and a vigorous program of innovation. Trend-setting new products include the long-life Sentry 75 pacemaker, which offers an implanted life of four to six years—virtually double that of conventional units.

Communication products and computer information services form two interrelated areas with outstanding growth potentials. TerminiNet[®] terminals for remote use of computers are a high-growth line for our communications systems business. Demand also remains strong for mobile radios. Progress was made in expanding GE's penetration of the telecommunications market through systems enabling telephone companies to enlarge voice and data capacity for their users.

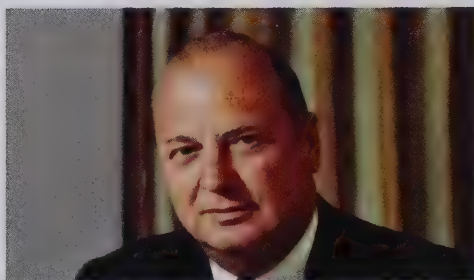
Substantial resources are also being allocated to our information services operations. GE's computer information services network—already the world's largest—expanded in 1973 to include Japan, Australia and Denmark. Now tied to more than 350 cities worldwide by telephone lines, undersea cables and communication satellites, GE's Mark III Network provides customers centralized data processing services through a complex of more than 100 inter-connected computers. In serving a broad spectrum of customers in business, industry and government, GE's information services operations moved to new highs in sales and earnings.

The General Electric Supply Company Division, which provides a nationwide product supply service to electrical contractors and industrial and utility customers, also made sales gains led by growth in industrial construction.

1. General Electric Patient Data System provides early detection of minor complications and averts crises by alerting the medical staff to the need for quick, immediate resuscitative action.
2. Two-way radios by General Electric are used to eliminate millions of miles of unnecessary driving each year and thus save gasoline for users such as construction companies.
3. New GE engineering structural foam resins are increasingly being used to replace sheet metals in such uses as this utility box cover. Foams of cellular cores and integral solid skins meet the same strength and rigidity standards as cast iron, but with one-fourth the weight.
4. A closed-cycle cooling water system at a Mississippi power company uses GE Thermo-Spray[®] motors to help assure compliance with new state and federal air and water quality standards.
5. More productive tooling systems are designed, developed and applied at this new Carboloy[®] Systems Customer Application Center in Detroit.

Operations *(continued)*

"This was the most successful year for GE's international businesses in our history. Favorable acceptance of GE-powered commercial jets improved results from GE aerospace operations."



Jack S. Parker, Vice Chairman and Executive Officer, whose responsibilities include the Company's aircraft engine, aerospace and international operations.

- 1. Economical, quiet and smoke-free, the new A300 European Airbus, powered by two GE CF6-50 engines, glides over Rio de Janeiro on its maiden flight to the Western Hemisphere.*
- 2. Technologies developed by GE space engineers are being applied to produce high quality housing at lower costs. Shown: a modular housing factory of a Japanese licensee.*
- 3. In a sophisticated state-wide pollution monitoring system, designed and operated by GE, remote stations throughout Pennsylvania sample air for pollutants then feed the data to a central computer for evaluation.*

Aerospace

(In millions)

	1973	1972	1971	1970	1969
Sales	\$1,611	\$1,514	\$1,623	\$1,666	\$1,688
Net earnings	39	27	37	26	15

Representative products and services: aerospace instruments, aircraft jet engines, armament systems, flight controls, missile re-entry systems, product service, radar, sonar and space flight systems.

The aerospace sector, including an increasing range of commercial and civilian products as well as defense and space equipment, accounted for 12% of total sales in 1973 and 6% of total earnings.

Sales, orders and earnings of our aircraft engine business exceeded expectations.

The effects of the fuel shortages on our aircraft engine business will be mixed. First to feel the effects will be our business in engines for executive jet aircraft. Reduced flight schedules for both commercial and military aircraft will adversely affect our spare parts and service operations.

On the other hand, the McDonnell Douglas DC-10, powered by three GE CF6 engines, is highly efficient from the standpoint of fuel consumption and may become increasingly attractive to airlines. The plane has already won good acceptance. At year end, CF6-powered DC-10s had been ordered by 29 airlines, and more than 100 aircraft were in service.

Efficiency considerations may also lead to increased orders for the new A300 wide-bodied European twin-jet, powered by our CF6-50 engines.

Another favorable development of 1973 was the successful test-flight application of our CF6-50 engine in a new model of the Boeing 747.

Clearance was received from the U.S. Government during the year to develop with SNECMA, the major engine manufacturer in France, an engine in the 20,000 to 28,000-pound-thrust class, which is expected to be a strong contender to power new aircraft that will enter commercial service in the late 1970's.

Sales of military jet engines were up substantially in 1973 and orders for delivery in 1974 are higher still. General Electric is supplying engines for 10 major aircraft applications and is participating in a number of development programs.

The first of 30 U.S. Navy Spruance-class destroyers powered by our LM2500 industrial and marine gas turbines was launched on schedule in November. Each of the destroyers is powered by four of these aircraft derivative engines. The LM2500's fuel economies and other qualities favorably influenced its selection for main propulsion of Navy patrol frigates and hydrofoils.

General Electric's space operations divide into two main sectors—support of defense and space agencies, and application of space technology to problem solving in commercial and civilian markets.

We continue to be substantial suppliers to major space and strategic defense programs. For the Skylab missions in 1973 we were responsible for overall reliability and quality. And we supplied the control system for the successful Mariner Interplanetary Spacecraft. We are prime contractors for the Nimbus Weather Satellite Program and for ERTS—the Earth Resources Technology Satellite—which continued in 1973 to send back masses of data to help identify and better utilize the resources of earth. Other large programs include aircraft avionics systems, radar and sonar, missile guidance, fire-control and missile re-entry systems.



(Aerospace continued)

Efforts to apply space technology to social needs involved the Company in some 1,000 studies and technical development projects and in such business ventures as new approaches to modular factory-produced housing and important new potentials in ground-station terminals for satellite communications systems.

International

(In millions)

	1973	1972	1971	1970	1969
Sales	\$2,318	\$1,830	\$1,584	\$1,393	\$1,201
Net earnings	151	99	86	66	48

This category includes exports from the U.S. to customers worldwide and the operations of diversified affiliates in such countries as Canada, Italy, Brazil, Spain, Mexico and Australia.

Operations of nondiversified foreign affiliates are included in their appropriate category.

This was the most successful year for General Electric's international businesses in our history. GE's international affiliates and exports increased their contribution to 18% of Company sales and 22% of earnings.

In 1973, demand was influenced by dollar devaluation and a booming world economy. General Electric's export orders from the U.S. set a new record well in excess of \$1 billion. Most notable were orders for nuclear power generation (France, Mexico, Spain and Taiwan), power delivery equipment such as high-voltage transmission components for Zaire, transportation equipment such as locomotives and ship propulsion units, and gas turbines for pipeline and power generation applications.

Canadian General Electric Company Limited, largest and most diversified of GE's international affiliates, achieved earnings improvements that outpaced its gains in sales volume. Demand for the affiliate's consumer goods was particularly strong. Orders for heavy capital goods included winning the international competition to supply hydro-generators for the U.S. Grand Coulee Dam. The contract calls for installation, beginning in 1976, of three 700 megawatt hydro-generators—higher in capacity and larger in size than any now installed anywhere in the world.

In Latin America, the year's sales gains were again led by General Electric do Brasil, S.A. Sales by this affiliate, serving Brazil's fast-growing economy with a product range from lamps to locomotives, were up more than 45%. A major expansion of our capital goods facility in Campinas was well along at year end. Consumer goods capability in Venezuela was substantially increased. With the economy of Mexico also showing vitality, sales by General Electric de Mexico, S.A., increased about 25%, led by sales of consumer goods.

Affiliates in Italy and Spain made important gains in sales and profits. GE's position in the rapidly growing European Economic Community was strengthened by investments in a French joint venture to serve 50-cycle gas turbine markets, and by acquisition of TEOMR, a major manufacturer of industrial components in Italy.

In the Far East, our Australian major appliance and housewares affiliates had their best year. Sales for all Far East affiliates exceeded 1972 performance. South African General Electric continued to strengthen its sales and earnings while making further advances in its ongoing employee programs, with particular emphasis on those for non-white employees.

The long-term future of General Electric requires a vigorous effort to grow our international business and to participate in economies, worldwide, some of whose growth rates are expected to exceed those of the U.S.





GE's international operations cover a wide span both geographically and in product range. Shown: 1, hydro-turbines from Canadian GE; 2, transformers under test at GE-Brazil; 3, refrigerators by GE-Venezuela; 4, Spanish power plant with GE generating equipment from the U.S. and GE-Española; 5, GE exports—represented by liquefied natural gas carrier powered by a GE propulsion system; 6, industrial components at Cogenel in Italy; 7, appliances by Australian affiliate; and 8, control panels at South African GE.

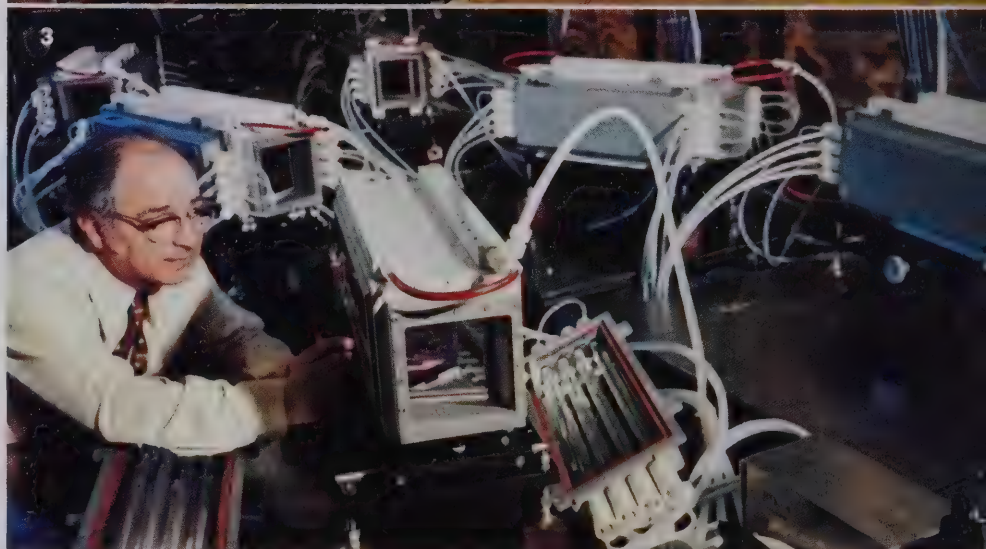
Technology and Science Committee

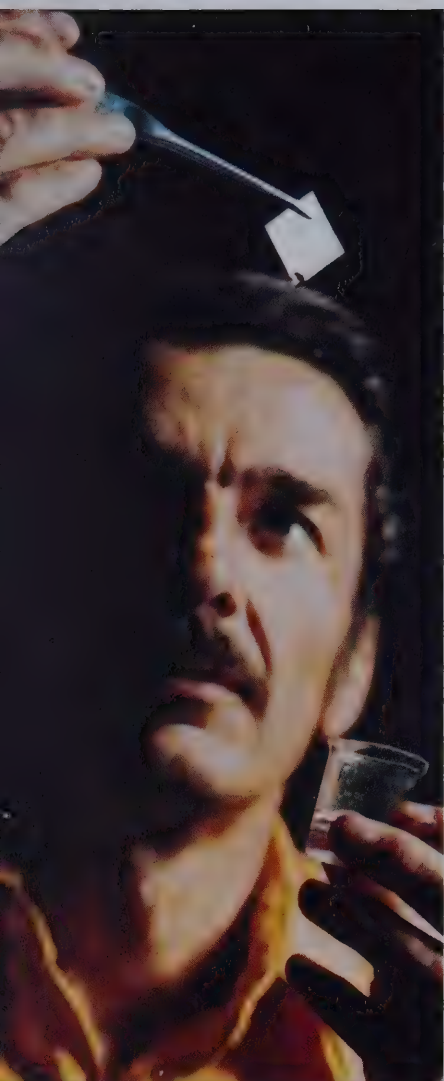
A primary function of the Technology and Science Committee of the Board is to appraise the Company's technological effort and product leadership positions. To fulfill this responsibility, the Committee reviews major trends in technology and their anticipated effect on the Company's operations. Also, the Committee seeks to assure itself, as the share owners' representatives, that Company resources are being allocated to those technological areas that offer the greatest potential growth to the Company as well as major benefits to society.

During 1973, much of our work was focused on the changing patterns in U.S. funding of research and development, with greater emphasis on social needs and relatively less on space and defense. Sources and trends of General Electric's multi-million-dollar annual research and development expenditures were examined. Reviewing with management many specific R&D projects across the Company, we gave attention during the year to the broad spectrum of energy-related programs.

The Committee's goal was to assure ourselves that management is mounting vital developmental programs in the areas of greatest potential for the Company and is responsibly applying one of the world's great reservoirs of technological talent to social needs. Selection of a GE scientist among the year's Nobel Prize winners was regarded by the Committee as gratifying recognition of the quality of the Company's technological and scientific efforts.

Frederick L. Hovde, *Chairman*





GE's research and development in 1973 comprised one of industry's most vigorous developmental programs, whether measured by expenditures, manpower or recognized results. Using National Science Foundation definitions, total expenditures on R&D by General Electric during the year exceeded \$845 million. This total includes approximately \$330 million funded by the Company and \$515 million for research and development performed under contract, primarily for the U.S. Government.

In terms of manpower, almost 13,000 employees holding college technical degrees were at work in research, development and engineering. At the corporate level, the Research and Development Center in Schenectady, N. Y., serves the Company as a whole with substantial programs in all of the major scientific and engineering disciplines important to General Electric businesses worldwide. Its work is supplemented by, and closely linked with, the activities of more than 100 laboratories associated with product operations.

Special recognition for General Electric research came when Dr. Ivar Giaever, of the Research and Development Center, was named with two other scientists to share the 1973 Nobel Prize for Physics. The Prize recognized the pioneering work done by Dr. Giaever on the phenomenon of electron "tunneling" in superconductive metals. Dr. Giaever is the second GE scientist to be so honored; the late Dr. Irving Langmuir was the first industrial scientist to receive a Nobel Prize—in chemistry, in 1932.

Another measure of effectiveness of GE research and development was the 1973 competition conducted by Industrial Research Inc. to select "the 100 most significant new technical projects." GE again led all other companies by winning eight awards—two to GE lamp research, one each to the Nuclear Energy and Medical Systems Divisions and four to the R&D Center.

An additional quantitative measurement is provided by the number of patents issued for GE developments. The 1973 total of patents issued: 1,116, or over four every working day.

Areas of emphasis for General Electric research and development in 1973 are indicated by the photographs at left:

1. *Energy research, focusing on increasing the efficiency and use of non-petroleum fuels, comprised the largest sector for GE's 1973 corporate R&D, receiving more than double the effort of four years ago. Areas of intensive exploration include: improvements in gas turbines, coal gasification, laser fusion, uranium enrichment, high-density storage batteries and ultra-low-temperature power transmission. Shown: new turbine rotor precision balance cell in Schenectady, N. Y., a new tool to aid in developing improved reliability of power generating apparatus.*
2. *Focus on social needs is exemplified by present area of concentration by 1973 Nobel Prize Winner Ivar Giaever. Recognized for pioneering work in electronics, Dr. Giaever is now at work in biophysics. Shown: his technique for diagnosing diseases by detecting antibodies in the human blood stream.*
3. *GE physicist Dr. Leonard M. Goldman works on project at the University of Rochester to produce controlled thermonuclear fusion with high-power lasers.*
4. *Emphasis on applying defense and space technologies to earth's problems is represented by efforts of Robert E. Warr (standing) of GE Electronics Laboratory in Syracuse, N. Y., to translate knowledge gained in studies of spacecraft solid-state components to more reliable components for consumer products.*

Public Issues Committee

To carry out its responsibilities to the share owners, the Board must take into account significant trends in the political and social environment and their impact on decision making in General Electric.

The Public Issues Committee aids the Board by concentrating on major public issues and assessing management's response to them. We are interested in the process by which the Company identifies and evaluates these issues, and in the posture, policies, programs and practices adopted by management. Our reviews include, but are not limited to, the entire spectrum of political-legislative developments having broad social as well as economic significance—e.g. corporate governance, industrial concentration, consumerism, equal employment policies and the environmental effects of Company operations and products. We also review the Company's support of business, charitable and educational organizations.

During 1973 we gave particular attention to equal employment policies and to trends in governmental policies on overseas trade and investment by U.S.-based companies. We should note that based on our reviews of the latter, we support the positions of management that call for governmental policies to encourage and strengthen, rather than limit, the overseas activities of U.S. businesses as the most valid response to the competitive realities of world trade.

Gilbert W. Humphrey, *Chairman*





"Progress for People," a theme expressing General Electric's strong social emphasis, was the specific focus for a number of GE programs in 1973.

Highlight of the Company's programs for General Electric people was the peaceful settlement of negotiations on new contracts with unions representing some 135,000 employees. The new contracts, ratified in June, extend through June 1976. Included are wage and cost-of-living increases of up to 88 cents per hour over the 37-month period, as well as improvements in employee benefits.

Responding to energy shortages, General Electric's Corporate Executive Office on November 1, 1973 assigned Senior Vice President Hershner Cross the responsibility for a Companywide Energy Utilization and Conservation Program. The program aims to minimize disruption of services to customers and of employment by accelerating GE's waste avoidance programs and instituting new energy conservation measures.

Gains for minorities and women continued to be a high GE priority in 1973. The number of minority men and women employed rose to more than 33,500, or about 11% of GE's total U.S. work force. Over the five years since 1968, minority employment by General Electric has risen over 55%. Of the new people hired in 1973, over 18% were minorities. Similarly, the percentage of women rose to over 28% of GE's total employment and women accounted for better than 36% of new hires in 1973.

The number of minority managers rose by 17% in 1973 and women by some 14%, while total managerial ranks increased about 2%. On a 6% increase in professional employees during 1973, minority professionals were up by 17% and women 28%.

GE's Environmental Protection Operation, a corporate-level staff of environmental experts, is supported by protection programs in place at each of the Company's manufacturing facilities. This group was active during 1973 in helping to establish the procedures to translate into action the legislative mandates of recently enacted environmental legislation. A number of GE plants received public recognition for the effectiveness of their pollution control programs, including the first two GE plants to receive discharge permits under the Federal Water Pollution Control Act Amendment of 1972.

In educational support, the General Electric Foundation made grants totaling \$3.3 million to over 700 educational institutions. Among its 1973 initiatives, the Foundation established a grants program to encourage research, publication and teaching on issues involved in business-government-society relationships. In addition, General Electric authorized educational contributions of \$450,000. The Annual Report of the Foundation will be available on request.

1. Water pollution control system at GE's new Florence, S.C., facility received praise of State officials as a leading example of effective industrial water treatment facilities.
2. TV news reporter Jacqueline Maddox of GE's WNGE in Nashville received on-the-job training to prepare her for the position of news reporter. GE stations were first in Schenectady, Denver and Nashville with minority news reporters.
3. GE's Expotech van rolls directly into minority neighborhoods and schoolyards with "hands on" exhibits to explain and dramatize engineering principles—one facet of GE's program to help increase the numbers of minority engineering graduates.
4. The Owens-Corning Energy Conservation Award came to GE's Lynn, Mass., River Works plant for combining a gas turbine electric power generator with a heat recovery steam generator to save some two million gallons of fuel oil annually.

Management Development and Compensation Committee

During 1973 this Committee, on which only outside Directors serve, reviewed the Company's management resources, its executive manpower development and selection process and the performance of key executives.

The Committee has also been delegated the task of administering the various executive compensation plans so as to assure their effective utilization to attract, hold and motivate key employees.

By these and other measures, the Committee seeks to assure sound managerial capability for General Electric both at present and in the future.

Ralph Lazarus, *Chairman*

Depth in management at General Electric is provided both by the great range of opportunities for actual managerial experience resulting from the Company's decentralized organization structure and by a varied offering of Company-conducted managerial and professional educational programs.

Seasoned managerial support for the Corporate Executive Office, comprised of the Chairman of the Board and three Vice Chairmen and Executive Officers, is provided by the officers pictured at right. Together with the Corporate Executive Office, the six Senior Vice Presidents constitute the Corporate Policy Committee—a forum for reviewing and communicating matters of broad corporate concern. Included in the Committee's range of interests: the corporate mission, objectives and strategic planning; Company policies and management concepts; and assessment of other matters of overall corporate impact or significance.

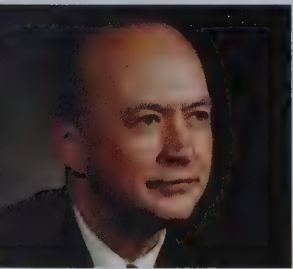
Each of the Vice Presidents and Group Executives pictured is responsible for meeting the needs of a major segment of General Electric's customers.

Managerial and professional education offered by General Electric provides a continuity of learning opportunities from entry-level courses through programs for senior executives. A new Professional Employees Seminar, for example, helps to orient entry-level employees. The Quality Engineering Seminar helps more senior specialists and managers keep abreast of rapidly changing technology and methodology. Among the many more advanced education programs are the Business Management Course and an array of workshops for Department-level managers and above. In 1973 the number of GE people participating in such "career-long learning" opportunities totaled over 15,000.

Below: session of General Electric's Manager Development Course at the Company's Management Development Institute, Crotonville, New York.



Senior Vice Presidents



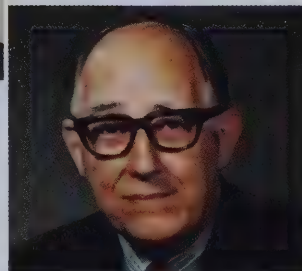
Hershner Cross
Corporate Administrative Staff



Reuben Guttoff
Corporate Strategic Planning



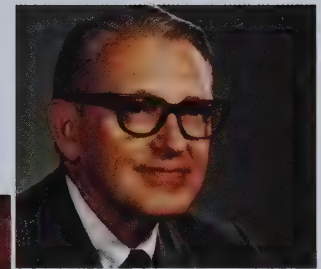
Oscar L. Dunn
Corporate Development



Charles E. Reed
Corporate Studies and Programs



Thomas O. Paine
Technology Planning
and Development

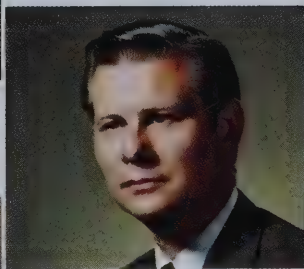


Robert M. Estes
General Counsel
and Secretary

Vice Presidents and Group Executives



John F. Burlingame
International and Canadian



Edward E. Hood, Jr.
Power Generation



Robert R. Frederick
Consumer Products



Robert B. Kurtz
Industrial



Stanley C. Gault
Major Appliance



Mark Morton
Aerospace



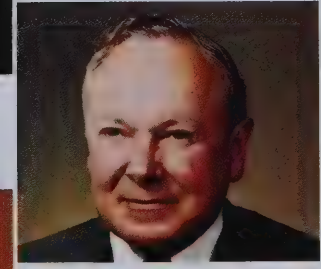
Thomas A. Vanderslice
Special Systems and Products



Gerhard Neumann
Aircraft Engine



John F. Welch, Jr.
Components and Materials



Arthur E. Peltosalo
Power Delivery

Management

John F. Burlingame
VP and Group Executive
International & Canadian Group

L. William Ballard, Jr.
VP—Central Regional
Relations

Harry M. Lawson
VP—Western Regional
Relations

Walter A. Schlatterbeck
VP and Corporate Counsel

Robert R. Frederick
VP and Group Executive
Consumer Products Group

Marshall Bartlett
VP and Consultant

Robert W. Lewis
VP—Corporate Facilities Services

Cecil S. Semple
VP—Corporate Customer
Relations

Reginald H. Jones
Chairman of the Board
and Chief Executive Officer

Hershner Cross
Senior Vice President
Corporate Administrative Staff

Stanley C. Gault
VP and Group Executive
Major Appliance Group

Arthur M. Bueche
VP—Research and Development

Leonard C. Maier, Jr.
VP—Corporate Consulting
Services

Steven C. Van Voorhis
VP—Northeastern Regional
Relations

Corporate Executive Officers

Walter D. Dance
Vice Chairman of the Board
and Executive Officer

Jack S. Parker
Vice Chairman of the Board
and Executive Officer

Senior Vice Presidents

Oscar L. Dunn
Senior Vice President
Corporate Development

Robert M. Estes
Senior Vice President
General Counsel
and Secretary

Vice Presidents and Group Executives

Edward E. Hood, Jr.
VP and Group Executive
Power Generation Group

Robert B. Kurtz
VP and Group Executive
Industrial Group

Corporate Staff Officers

Mark J. D'Arcangelo
VP—Corporate Employee
Relations

L. Berkley Davis
VP—Washington Corporate
Office

Edward H. Malone
VP—Trust Operations

Maurice H. Mayo
VP and Comptroller

Alva O. Way
VP—Finance

Russell E. Whitmyer
VP and Treasurer

International & Canadian Group

Willis E. Forsyth
VP and General Manager
Latin America Division

Richard W. Foxen
General Manager
Europe Division

William L. Lurie
VP—International Strategic
Planning and Review

J. Russell Mudge
VP and General Manager
Far East Division

Hoyt P. Steele
VP and General Manager
International Sales Division

Walter G. Ward
Chairman of the Board
and Chief Executive Officer
Canadian General Electric
Company Limited (an affiliate
of General Electric)

Alton S. Cartwright
President
Canadian General Electric
Company Limited

Consumer Products Group

John S. Chamberlin
VP and General Manager
Housewares Division

Robert V. Corning
VP and General Manager
Lamp Division

Donald E. Perry
VP and General Manager
Home Entertainment Division

Charles G. Klock
President and General Manager
General Electric
Credit Corporation
(an affiliate of General Electric)

Thomas W. Moore
President
Tomorrow Entertainment, Inc.
(an affiliate of General Electric)

Major Appliance Group

A. Melcher Anderson
VP and General Manager
Home Laundry Division

Arthur E. Andres
VP and General Manager
Contract Sales Division

William B. Clemmens
VP and General Manager
Retail Sales Division

Richard O. Donegan
VP—Group Strategic
Planning Operation

Joseph H. Gauss
VP and General Manager
Air Conditioning Division

Irving L. Griffin
VP and General Manager
Refrigerator Division

Wayman O. Leftwich, Jr.
General Manager
Dishwasher & Disposal Division

Donald W. Lynch
VP and General Manager
Range Division

Lester E. Pankonin
VP and General Manager
Distribution Finance
and Service Division

Edward L. Stehle
VP—Customer Relations and
Sales Support Operation

Operations

Power Generation Group

Donald E. Craig
Vice President
Herman R. Hill
VP and General Manager
Steam Turbine-Generator Division

Milton F. Kent
VP and General Manager
Power Generation Sales Division
Whitman Ridgway
VP and General Manager
Gas Turbine Division

George J. Stathakis
VP and General Manager
Nuclear Energy Division

Clement E. Sutton, Jr.
VP—Uranium Enrichment Project

Edward C. Clark
Deputy Division General Manager
Industrial and Marine
Steam Turbine Operations

John D. Selby
Deputy Division General Manager
Boiling Water
Reactor Operations
Nuclear Energy Division

John A. Urquhart
Deputy Division General Manager
Power Generation Sales Division

Industrial Group

Kristian H. Christiansen
VP and General Manager
Industrial Sales Division

James P. Curley
VP and General Manager
Contractor Equipment
Division

Ralph B. Glotzbach
VP and General Manager
Apparatus Distribution
Sales Division

Bruce O. Roberts
VP and General Manager
AC Motor and Generator
Division

Robert J. Rodwell
VP and General Manager
Automation Division

Peter C. Van Dyck
VP and General Manager
Apparatus Service Division

Louis E. Wengert
VP—Group Business
Development

Herman L. Weiss
Vice Chairman of the Board
and Executive Officer

Reuben Gutoff
Senior Vice President
Corporate Strategic Planning

Mark Morton
VP and Group Executive
Aerospace Group

Lester W. Dettman
VP—East Central Regional
Relations

John B. McKitterick
VP and Staff Executive
Environmental Analysis

James F. Young
VP and Staff Executive
Technical Resources

Aerospace Group

Roy H. Beaton
VP and General Manager
Electronic Systems Division

David Cochran
VP and General Manager
Aerospace Programs
Relations Division

Daniel J. Fink
VP and General Manager
Space Division

Charles W. George
VP and General Manager
Aircraft Equipment Division

Otto Klima
VP and General Manager
Re-entry & Environmental
Systems Division

Thomas O. Paine
Senior Vice President
Technology Planning
and Development

Gerhard Neumann
VP and Group Executive
Aircraft Engine Group

Thomas K. Edenfield
VP—Southeastern Regional
Relations

Halbert B. Miller
VP and Staff Executive
Production Resources

Aircraft Engine Group

Raymond F. Letts
VP and General Manager
Group Manufacturing Division

Fred O. MacFee, Jr.
VP—Group Strategic Planning

Brian H. Rowe
VP and General Manager
Commercial Engine
Projects Division

Edward Woll
VP and General Manager
Group Engineering Division

James E. Worsham
VP and General Manager
Military Engine Projects Division

Charles E. Reed
Senior Vice President
Corporate Studies and Programs

Arthur E. Peltosalo
VP and Group Executive
Power Delivery Group

William B. Frogue
VP—Southwestern Regional
Relations

Douglas S. Moore
VP—Corporate Public Relations

Power Delivery Group

Charles J. Meloun
VP and General Manager
Transformer and Distribution
Equipment Division

A. Eugene Schubert
VP—Group Strategic
Planning and Review

William R. Smart
VP and General Manager
Switchgear Equipment Division

William R. Tackaberry
VP and General Manager
Power Transmission and
Distribution Sales Division

Thomas A. Vanderslice
VP and Group Executive
Special Systems & Products Group

Harry P. Gough
VP—Mid-States Regional
Relations

Phillips S. Peter
VP and Staff Executive
Corporate Business Development

Special Systems & Products Group

George J. Feeney
VP and General Manager
Information Services Division

Richard P. Gifford
VP—Communication Projects

Christopher T. Kastner
VP and General Manager
Communication Systems Division

Erwin M. Koeritz
VP and General Manager
Construction Materials Division

Kertis P. Kuhlman
VP and General Manager
General Electric Supply Company
Division

Louis V. Tomasetti
VP and General Manager
Transportation Systems Division

John F. Welch, Jr.
VP and Group Executive
Components & Materials Group

Roy L. Johnson
VP and Staff Executive
Executive Manpower

Donald D. Scarff
VP—Atlantic Regional
Relations

Components & Materials Group

Charles R. Carson
General Manager
Chemical and Metallurgical
Division

Julien R. Charlier
VP—Components and
Materials Group
International Projects

Robert T. Daily
General Manager
Plastics Division

George B. Farnsworth
VP and General Manager
Electronic Components Division

Fred H. Holt
VP and General Manager
Appliance Components Division

Walter L. Robb
VP and General Manager
Medical Systems Division

Audit and Finance Committee

The meetings held by this Committee during 1973 included two in which Committee members (no management personnel being present) met with the independent certified public accountants with respect to their audit of the accounts and records of the Company and their review and certification of the Company's financial statements. It also reviewed the internal accounting and auditing procedures of the Company to assure that the Company's system of financial controls is adequate and being operated effectively.

In furtherance of its function as a reviewing and recommending body to the Board and Company in financial matters, the Committee also reviews the financial position of the Company, its short- and long-term financing plans, specific financing proposals, major investment programs and opportunities, plans and programs involving the purchase or redemption of Company securities and dividend policy. We were gratified to be able to recommend to the full Board the dividend increase adopted in 1973.

John E. Lawrence, *Chairman*

1973 Financial Summary

This summary comments on significant items in the consolidated financial statements on pages 31, 32 and 33, generally in the same order as they appear in those statements.

The information contained in this summary, in the opinion of management, substantially conforms with or exceeds the information supplied in the annual financial statements constituting part of the report (commonly called the "10-K Report") submitted to the Securities and Exchange Commission. The few exceptions, considered non-substantive, are noted as appropriate in the following text. A reproduction of the following statements and summary is filed with that agency.

As an aid in evaluating the data in this Financial Summary, significant accounting and reporting principles and policies followed by General Electric are printed in blue.

Consolidated financial statements and accompanying schedules in this Report include a consolidation of the accounts of the Parent—General Electric Company— and those of all majority-owned affiliates (except finance affiliates since their operations are not similar to those of the consolidated group). All significant items relating to transactions between Parent and affiliated companies are eliminated from consolidated statements. Sales and net earnings attributable to each of the Company's major categories are summarized on page 3.

Except for fixed assets and accumulated depreciation, assets and liabilities of foreign affiliates are translated into U.S. dollars at year-end exchange rates, and income and expense items are translated at average rates prevailing during the year. Fixed assets and accumulated depreciation are translated at rates in effect at dates of acquisition of the assets. The net effect of translation gains and losses is included as other costs in current year operations. Translation losses for 1973 and 1972 were \$3.5 million and \$4.2 million respectively.

Net earnings include the net income of finance affiliates and the consolidated group's share of earnings of associated companies which are not consolidated but in which the group owns 20% or more of the voting stock.

During 1973, net earnings amounted to \$585.1 million compared with prior year earnings of \$530.0 million. Earnings per common share were \$3.21 in 1973 compared with \$2.91 in 1972. Fully diluted earnings per common share, which would result from the potential exercise or conversion of

(continued on page 34)

Statement of Current and Retained Earnings

General Electric Company and consolidated affiliates

(In millions)

	For the year	1973	1972
Sales of products and services to customers . . .		\$11,575.3	\$10,239.5
Operating costs			
Employee compensation, including benefits . . .		4,709.7	4,168.4
Materials, supplies, services and other costs . . .		5,690.5	4,973.1
Depreciation		334.0	314.3
Taxes, except those on income		113.5	116.3
Increase in inventories during the year		(227.2)	(147.3)
		<u>10,620.5</u>	<u>9,424.8</u>
Operating margin		954.8	814.7
Other income		183.7	189.2
Interest and other financial charges		<u>(126.9)</u>	<u>(106.7)</u>
Earnings before income taxes & minority interest .		1,011.6	897.2
Provision for income taxes		(418.7)	(364.1)
Minority interest in earnings of consolidated affiliates		<u>(7.8)</u>	<u>(3.1)</u>
Net earnings applicable to common stock		585.1	530.0
Dividends declared		<u>(272.9)</u>	<u>(254.8)</u>
Amount added to retained earnings		312.2	275.2
Retained earnings at January 1		<u>2,371.4</u>	<u>2,096.2</u>
Retained earnings at December 31		<u>\$ 2,683.6</u>	<u>\$ 2,371.4</u>
Earnings per common share (In dollars)		\$3.21	\$2.91
Dividends declared per common share (In dollars)		\$1.50	\$1.40

The 1973 Financial Summary beginning on page 30 and ending on page 41 is an integral part of this statement.

Statement of Financial Position

General Electric Company and consolidated affiliates

(In millions)

	December 31	1973	1972
Assets			
Cash		\$ 296.8	\$ 267.0
Marketable securities		25.3	27.3
Current receivables		2,177.1	1,926.0
Inventories		<u>1,986.2</u>	<u>1,759.0</u>
Current assets		4,485.4	3,979.3
Investments		869.7	754.9
Plant and equipment		2,360.5	2,136.6
Other assets		<u>608.6</u>	<u>531.0</u>
Total assets		<u>\$8,324.2</u>	<u>\$7,401.8</u>
Liabilities and equity			
Short-term borrowings		\$ 665.2	\$ 439.4
Accounts payable		673.5	558.1
Progress collections and price adjustments accrued		718.4	624.2
Dividends payable		72.7	63.7
Taxes accrued		310.0	308.6
Other costs and expenses accrued		<u>1,052.6</u>	<u>875.7</u>
Current liabilities		3,492.4	2,869.7
Long-term borrowings		917.2	947.3
Other liabilities		<u>492.1</u>	<u>456.8</u>
Total liabilities		<u>4,901.7</u>	<u>4,273.8</u>
Minority interest in equity of consolidated affiliates			
		<u>50.1</u>	<u>43.4</u>
Preferred stock		—	—
Common stock		463.8	463.1
Amounts received for stock in excess of par value .		409.5	396.6
Retained earnings		<u>2,683.6</u>	<u>2,371.4</u>
		3,556.9	3,231.1
Deduct common stock held in treasury		<u>(184.5)</u>	<u>(146.5)</u>
Total share owners' equity		3,372.4	3,084.6
Total liabilities and equity		<u>\$8,324.2</u>	<u>\$7,401.8</u>

The 1973 Financial Summary beginning on page 30 and ending on page 41 is an integral part of this statement.

Statement of Changes in Financial Position

General Electric Company and consolidated affiliates

(In millions)

	For the year	1973	1972
Source of funds			
From operations:			
Net earnings		\$ 585.1	\$ 530.0
Depreciation		334.0	314.3
Income tax timing differences		—	(23.8)
Earnings of the Credit Corporation less dividends paid		(10.7)	(8.1)
		<u>908.4</u>	<u>812.4</u>
Major domestic long-term borrowings		—	125.0
Overseas Capital Corporation long-term borrowings		17.1	50.8
Increase in other long-term borrowings—net		2.0	5.3
Newly-issued common stock		<u>11.7</u>	<u>13.4</u>
Total source of funds		<u>939.2</u>	<u>1,006.9</u>
Application of funds			
Plant and equipment additions		598.6	435.9
Dividends declared		272.9	254.8
Investments		114.8	40.6
Reduction in major domestic long-term borrowings		31.5	17.2
Reduction in Overseas Capital Corporation long-term borrowings		17.7	3.9
Other—net		<u>20.3</u>	<u>(56.5)</u>
Total application of funds		<u>1,055.8</u>	<u>695.9</u>
Net increase (decrease) in working capital		<u>\$ (116.6)</u>	<u>\$ 311.0</u>
Analysis of changes in working capital			
Cash and marketable securities		\$ 27.8	\$ 8.3
Current receivables		251.1	184.7
Inventories		227.2	147.3
Short-term borrowings		(225.8)	130.4
Other payables		<u>(396.9)</u>	<u>(159.7)</u>
Net increase (decrease) in working capital		<u>\$ (116.6)</u>	<u>\$ 311.0</u>

The 1973 Financial Summary beginning on page 30 and ending on page 41 is an integral part of this statement.

(continued from page 30)

such items as stock options and convertible debt outstanding, were \$3.18 in 1973 and \$2.87 in 1972.

Sales of products and services to customers are reported in operating results only as title to products passes to the customer and as services are performed as contracted.

Sales in 1973 totaled \$11,575.3 million, an increase of 13% over the 1972 level.

Costs are classified in the statement of current earnings according to the principal types of costs incurred. Operating costs, excluding interest and income taxes, classified as they will be reported to the Securities and Exchange Commission, were: cost of goods sold of \$8,515.2 million in 1973 and \$7,509.6 million in 1972; and selling, general and administrative expenses of \$2,105.3 million in 1973 and \$1,915.2 million in 1972. Supplemental details required by the SEC are shown in the table below.

Supplemental Cost Details	(In millions)	
	1973	1972
Company funded research and development using National Science Foundation definitions	\$330.7	\$303.2
Maintenance and repairs	319.6	270.4
Social security taxes	225.8	167.5
Advertising and sales promotion	170.5	149.0
Rent	86.6	71.5

Employee compensation, including the cost of employee benefits, amounted to \$4,709.7 million in 1973. During the year, agreements were reached with various labor unions as described earlier in this Report.

General Electric Company and its affiliates have a number of pension plans, the total cost of which was \$135.5 million in 1973 and \$107.6 million in 1972. The most significant of these plans is the General Electric Pension Plan in which substantially all employees in the United States who have completed one year of service with the Company are participating and the obligations of which are funded through the General Electric Pension Trust. Financial statements of the Trust appear at right.

Investments of the Pension Trust are carried at amortized cost plus a programmed portion of unrealized appreciation in the common stock portfolio. This accounting recognizes the long-term nature of pension obligations by stressing long-term market trends.

The funding program uses 6% as the estimated rate of future income which includes provision for the systematic

recognition of the unrealized appreciation in the common stock portfolio. This program has the objective of recognizing appreciation which, when added to cost, will result in a common stock book value approximating 80% of market value (consistent with Armed Services Procurement Regulations).

The actual earnings of the Trust, including the programmed recognition of appreciation, as a percentage of book value of the portfolio were 6.5% for 1973 and 6.6% for 1972.

Unfunded liabilities of the Trust are being amortized over a 20-year period and are estimated to be \$474 million at December 31, 1973 based on book value of Trust assets compared with \$323 million at the end of 1972. These amounts included unfunded vested liability of \$377 million at December 31, 1973 and \$239 million at December 31, 1972. The estimated market value exceeded book value of Trust assets by \$309 million and \$693 million at the end of 1973 and 1972 respectively.

Effective July 1, 1973, a supplementary pension plan was approved by the Company's Board of Directors, the purpose of which is to ensure that the pension benefits of long-service professional and managerial employees, when combined

General Electric Pension Trust		(In millions)	
Operating statement	1973	1972	
Total assets at January 1	\$2,267.1	\$2,071.8	
Company contributions	125.9	102.2	
Employee contributions	38.6	32.3	
	164.5	134.5	
Dividends, interest and sundry income	111.4	101.8	
Common stock appreciation:			
Realized	34.2	44.8	
Unrealized portion recognized	34.4	21.3	
	68.6	66.1	
Pensions paid	(115.6)	(107.1)	
Total assets at December 31	\$2,496.0	\$2,267.1	
Financial position—December 31			
Short-term investments	\$ 51.3	\$ 180.3	
U.S. Government obligations and guarantees	56.0	60.1	
Corporate bonds and notes	344.8	348.7	
Real estate and mortgages	410.7	397.6	
Common stocks & convertibles	1,530.6	1,211.1	
Total investments	2,393.4	2,197.8	
Other assets—net	102.6	69.3	
Total assets	\$2,496.0	\$2,267.1	
Funded liabilities:			
Liability to pensioners	\$ 874.9	\$ 799.9	
Liability for pensions to participants not yet retired	1,621.1	1,467.2	
Total funded liabilities	\$2,496.0	\$2,267.1	

with their social security benefits, bear a reasonable relationship to their final average earnings. Obligations of this pension supplement are not funded. Current service costs and amortization of past service costs over a period of 20 years are being charged to operations currently. Cost for the partial year 1973 was \$2.0 million.

Depreciation amounted to \$334.0 million in 1973 and \$314.3 million in 1972.

An accelerated depreciation method, based principally on a sum-of-the-years digits formula, is used to depreciate plant and equipment in the United States purchased in 1961 and subsequently. Assets purchased prior to 1961, and most assets outside the United States, are depreciated on a straight-line basis. Special depreciation is provided where equipment may be subject to abnormal economic conditions or obsolescence.

Taxes, except those on income, totaled \$113.5 million in 1973 and \$116.3 million in 1972. These taxes were mainly franchise and property taxes. They exclude social security taxes, which are included with employee benefits.

Other income amounted to \$183.7 million in 1973, a decrease of \$5.5 million from 1972. Significant items included in other income are shown below.

Other Income	(In millions)	
	1973	1972
Net earnings of the Credit Corporation	\$41.7	\$41.1
Income from:		
Customer financing	32.4	26.8
Royalty and technical agreements	36.9	30.2
Marketable securities and bank deposits	17.7	19.1
Other investments	31.6	31.8
Sale of Honeywell stock	7.8	29.5
Other sundry income	15.6	10.7
	<u>\$183.7</u>	<u>\$189.2</u>

Net earnings of General Electric Credit Corporation were \$41.7 million in 1973, about the same as in 1972. Condensed financial statements for the Credit Corporation appear on page 37.

In view of depressed stock market conditions during 1973, the Company sold only 168,000 shares of Honeywell common stock as compared with 370,000 shares sold during 1972. Capital gains (using average cost) from these sales were \$7.8 million and \$29.5 million respectively (\$5.5 million and \$20.7 million after taxes).

Interest and other financial charges increased to \$126.9 million in 1973 from \$106.7 million in 1972 primarily because of higher short-term borrowing rates. Amounts applicable to principal items of long-term borrowings were \$58.3 million in 1973 and \$52.5 million in 1972.

Provision for income taxes amounted to \$418.7 million in 1973. Details of this amount are shown on page 36.

Provision for income taxes generally is computed using the comprehensive interperiod tax allocation method and is based on the income and costs included in the earnings statement shown on page 31.

Amounts of income taxes shown as payable are determined by applicable statutes and government regulations. Timing differences result from the fact that under applicable statutes and regulations some items of income and cost are not recognized in the same time period as good accounting practice requires them to be recorded. The cumulative net effect of such items is that earnings on which tax payments were required have been higher than earnings reported in the Company's Annual Reports. Accordingly, a deferred-tax asset has been established to record the reduction of future tax payments. Principal items applicable to U.S. Federal income taxes, and their effect on taxes payable are shown on page 36. Individual timing differences reflected in foreign income taxes were not significant.

Provision has been made for Federal income taxes to be paid on that portion of the undistributed earnings of affiliates expected to be remitted to the Parent. Undistributed earnings of affiliates intended to be reinvested indefinitely in the affiliates totaled \$328 million at the end of 1973 and \$252 million at the end of 1972.

U.S. Federal income tax returns of the Parent have been settled through 1964.

The Company follows the practice of amortizing the investment credit to income over the life of the underlying facilities rather than in the year in which facilities are placed in service. Investment credit amounted to \$23.6 million in 1973 compared with \$20.4 million in the prior year. In 1973 \$10.6 million was added to net earnings compared with \$8.3 million in 1972. At the end of 1973, the amount still deferred and to be included in net earnings in future years was \$72.8 million. If the Company had "flowed through" the investment credit, this amount would have been included in earnings during 1973 and prior years.

Provision for income taxes amounted to 41.4% of income before taxes. Items accounting for the principal portion of the difference of 6.6 points between that rate and the 48.0%

Provision for income taxes (In millions)		
	1973	1972
U. S. Federal income taxes:		
Estimated amount payable	\$321.2	\$315.3
Effect of timing differences	0.4	(21.0)
Investment credit deferred—net	13.0	12.1
	<u>334.6</u>	<u>306.4</u>
Foreign income taxes:		
Estimated amount payable	71.4	48.1
Effect of timing differences	(0.4)	(2.8)
	<u>71.0</u>	<u>45.3</u>
Other (principally state and local income taxes)	13.1	12.4
	<u>\$418.7</u>	<u>\$364.1</u>

Effect of timing differences on U. S. Federal income taxes (In millions)		
	1973	1972
Increase (decrease) in provision for income taxes		
Tax over book depreciation	\$ 12.1	\$ 2.3
Undistributed earnings of affiliates	6.7	12.3
Margin on installment sales	1.1	(6.1)
Provision for:		
Warranties	(7.7)	(19.6)
Other costs and expenses	(2.4)	(5.9)
Other—net	(9.4)	(4.0)
	<u>\$ 0.4</u>	<u>\$ (21.0)</u>

U.S. Federal ordinary income tax rate were the effect of consolidated affiliates, 2.5 points; inclusion of the earnings of the Credit Corporation in before-tax income on an "after-tax" basis, 2.0 points; investment credit, 1.0 points; and lower taxes on capital gains, 0.3 points.

Minority interest in earnings of consolidated affiliates represents the interest which other share owners have in net earnings and losses of consolidated affiliates not wholly owned by the Company.

Cash and marketable securities totaled \$322.1 million at the end of 1973, an increase of \$27.8 million from the end of 1972. Time deposits and certificates of deposit aggregated \$134.4 million at December 31, 1973 and \$113.7 million at December 31, 1972. Deposits restricted as to usage and withdrawal or used as partial compensation for short-term borrowing arrangements were not material.

Marketable securities are carried at the lower of amortized

cost or market value. Carrying value was substantially the same as market value.

Current receivables, less allowance for losses, totaled \$2,177.1 million at December 31, 1973 as shown in the table below. The increase of \$251.1 million, or 13% during the year, was due principally to the increase in sales in 1973. Other current receivables include the current portion of advances to suppliers and similar items not directly arising from sales of goods and services. Long-term receivables, less allowance for losses, are reported under other assets. Supplemental information on sources of charges and credits to allowance for losses is included in the Form 10-K Report.

Current receivables (In millions)		
	December 31	
	1973	1972
Customers' accounts and notes	\$1,996.4	\$1,784.1
Nonconsolidated affiliates	0.5	0.6
Other	238.7	192.4
	<u>2,235.6</u>	<u>1,977.1</u>
Less allowance for losses	(58.5)	(51.1)
	<u>\$2,177.1</u>	<u>\$1,926.0</u>

Inventories are summarized below, and at the end of 1973 were \$1,986.2 million compared with \$1,759.0 million at December 31, 1972 and \$1,611.7 million at January 1, 1972. About 84% of total inventories are in the United States and substantially all of these are valued on a last-in, first-out (LIFO) basis. Substantially all of those outside the United States are valued on a first-in, first-out (FIFO) basis. Such valuations are not in excess of market and are based on cost, exclusive of certain indirect manufacturing expenses and profits on sales between the Parent and affiliated companies. The LIFO basis values inventories conservatively during inflationary times, and on a FIFO basis the year-end 1973 inventories would have been \$429.7 million in excess of this valuation. This excess increased \$125.6 million during 1973 and \$31.3 million during 1972.

Inventories (In millions)		
	December 31	
	1973	1972
Raw materials and work in process	\$1,276.1	\$1,097.2
Finished goods	604.6	573.8
Unbilled shipments	105.5	88.0
	<u>\$1,986.2</u>	<u>\$1,759.0</u>

Working capital (current assets less current liabilities) totaled \$993.0 million, a decrease of \$116.6 million during

1973. The statement on page 33 provides a summary of major sources and applications of funds as well as an analysis of changes in working capital.

Investments amounted to \$869.7 million at the end of 1973 as shown below.

Investments	(In millions)	
	December 31	
	1973	1972
Nonconsolidated finance affiliates	\$327.4	\$277.6
Honeywell Inc. and Honeywell Information Systems Inc.	154.6	167.3
Associated companies	68.1	47.7
Miscellaneous investments	<u>331.7</u>	<u>274.6</u>
	881.8	767.2
Less allowance for losses	<u>(12.1)</u>	<u>(12.3)</u>
	<u>\$869.7</u>	<u>\$754.9</u>

Investments in nonconsolidated finance affiliates are carried at equity plus advances. Advances to these affiliates aggregated \$0.7 million at the end of 1973 compared with a 1972 year-end balance of \$15.8 million.

Investment in General Electric Credit Corporation, a wholly-owned nonconsolidated finance affiliate, amounted to \$321.4 million at the end of 1973 and \$275.8 million at the end of 1972. Condensed financial statements for the General Electric Credit Corporation and its consolidated affiliates are shown at right. Copies of their 1973 Annual Report may be obtained by writing to General Electric Credit Corporation, P.O. Box 8300, Stamford, Conn. 06904.

Investments in the common stock of Honeywell Inc. and Honeywell Information Systems Inc. (HIS), a subsidiary of Honeywell, are recorded at appraised fair value as of date of acquisition, October 1, 1970, when the information systems equipment business was transferred to HIS. The appraised fair value recognized such factors as the size of the holdings, the various requirements and restrictions on the timing of the sale or other disposition of the securities, as well as the uncertainty of future events.

At December 31, 1973, General Electric held 1,612,432 shares of Honeywell common stock compared with 1,780,432 shares at December 31, 1972. Reflecting generally depressed market conditions, the shares on hand at the end of 1973 would have been valued at \$113.1 million using the December 31 closing price. The market value of the shares on hand at year-end 1972 would have been \$245.7 million. In addition, General Electric continued to hold an 18½% ownership in HIS.

As commented upon under Other Income, on page 35, General Electric sold 168,000 shares of Honeywell common stock in 1973 and 370,000 in 1972. Cumulative sales through the end of 1973 were 913,000 shares.

During 1975 through 1980, Honeywell has the option to purchase from General Electric, and General Electric has the option to require Honeywell to purchase, General Electric's interest in HIS. Payment would be in Honeywell common stock. General Electric has agreed that if the U.S. Attorney General so requests, it shall, prior to the end of 1980, exercise its option to require Honeywell to purchase General Electric's interest in HIS. General Electric has committed to the U.S. Department of Justice to dispose of current holdings of Honeywell common stock in stages by June 30, 1978, and all other shares of Honeywell common stock received for

General Electric Credit Corporation (In millions)

Financial position			
	December 31	1973	1972
Cash and marketable securities		\$ 141.4	\$ 120.9
Receivables		3,835.0	3,032.1
Deferred income		(396.7)	(313.8)
Allowance for losses		<u>(76.7)</u>	<u>(70.0)</u>
Net receivables		<u>3,361.6</u>	<u>2,648.3</u>
Other assets		27.0	20.3
Total assets		<u>\$3,530.0</u>	<u>\$2,789.5</u>
Notes payable:			
Due within one year		\$1,756.2	\$1,271.6
Long-term—senior		760.8	738.1
—subordinated		254.8	205.5
Other liabilities		<u>437.5</u>	<u>314.3</u>
Total liabilities		<u>3,209.3</u>	<u>2,529.5</u>
Capital stock		160.0	110.0
Retained earnings		<u>160.7</u>	<u>150.0</u>
Equity		<u>320.7</u>	<u>260.0</u>
Total liabilities and equity		<u>\$3,530.0</u>	<u>\$2,789.5</u>
Current and retained earnings			
	For the year	1973	1972
Earned income		\$ 406.4	\$ 319.8
Expenses:			
Operating and administrative		117.0	102.0
Interest and discount		190.3	108.5
Provision for receivable losses		28.1	35.9
Provision for income taxes		<u>29.3</u>	<u>32.3</u>
		<u>364.7</u>	<u>278.7</u>
Net earnings		41.7	41.1
Deduct dividends		(31.0)	(33.0)
Retained earnings at January 1		<u>150.0</u>	<u>141.9</u>
Retained earnings at December 31		<u>\$ 160.7</u>	<u>\$ 150.0</u>

General Electric's interest in HIS by December 31, 1980.

A voting trust has been established in which General Electric must deposit all shares of Honeywell common stock received as part of these transactions.

Investments in associated companies which are not consolidated but in which the Company owns 20% or more of the voting stock are valued by the equity method.

Miscellaneous investments are valued at cost. On December 31, 1973, the estimated realizable value of these investments was approximately \$405 million, an increase of \$35 million during the year.

Plant and equipment represents the original cost of land, buildings and equipment less estimated cost consumed by wear and obsolescence. Plant additions were substantially greater in 1973 than in 1972 principally due to major additions to capacity in the Industrial Components and Systems category. Details of plant and equipment and accumulated depreciation are shown in the table below. Additions, dispositions, provisions for depreciation and other changes in plant and equipment, analyzed by major classes, are included in the 10-K Report. *Expenditures for maintenance and repairs are charged to operations as incurred.*

Plant and equipment	(In millions)	
	1973	1972
Major classes at December 31:		
Land and improvements	\$ 104.4	\$ 103.0
Buildings, structures and related equipment	1,445.9	1,347.5
Machinery and equipment	3,138.5	2,828.2
Leasehold costs and plant under construction	231.0	170.5
	<u>\$4,919.8</u>	<u>\$4,449.2</u>
Cost at January 1	\$4,449.2	\$4,134.2
Additions	598.6	435.9
Dispositions	(128.0)	(120.9)
Cost at December 31	<u>\$4,919.8</u>	<u>\$4,449.2</u>
Accumulated depreciation		
Balance at January 1	\$2,312.6	\$2,108.5
Current year provision	334.0	314.3
Dispositions	(95.8)	(107.6)
Other changes	8.5	(2.6)
Balance at December 31	<u>\$2,559.3</u>	<u>\$2,312.6</u>
Plant and equipment less depreciation at December 31	<u>\$2,360.5</u>	<u>\$2,136.6</u>

Other assets, less allowance for losses of \$15.1 million (\$16.5 million at December 31, 1972), totaled \$608.6 million at December 31, 1973. Principal items comprising these bal-

ances are shown below.

Deferred income taxes applicable to current assets and liabilities were \$97.8 million and \$94.1 million at the end of 1973 and 1972 respectively.

Research and development expenditures, except those specified as recoverable engineering costs on Government contracts, are charged to operations as incurred. Expenditures of Company funds for research and development are shown on page 34.

Licenses and other intangibles acquired after October 1970 are being amortized over appropriate periods of time.

Other assets	(In millions)		
	December 31	1973	1972
Long-term receivables		\$173.4	\$133.9
Customer financing		141.2	117.4
Deferred income taxes		131.0	130.5
Recoverable engineering costs on Government contracts		61.3	67.3
Deferred charges		32.4	23.5
Licenses and other intangibles—net		30.9	30.7
Other		38.4	27.7
		<u>\$608.6</u>	<u>\$531.0</u>

Short-term borrowings, those due within one year, totaled \$665.2 million at the end of 1973, compared with \$439.4 million at the end of the previous year. A summary of these borrowings at year-end 1973 and 1972, and the applicable average interest rate at December 31, 1973, is shown in the tabulation below.

The average balance of short-term borrowings, excluding the current portion of long-term debt, during 1973 was \$594.7 million (calculated by averaging all month-end balances for the year). The maximum balance included in this calculation was \$775.1 million at the end of November 1973. The aver-

Short-term borrowings	(In millions)		
	December 31	1973	1972
Banks			
Parent (average rate at 12/31/73—9.68%)		\$ 99.0	\$ 56.0
Consolidated affiliates (average rate at 12/31/73—11.87%)		158.7	115.6
Notes with Trust Departments (average rate at 12/31/73—7.93%)		215.8	215.9
Holders of commercial paper (average rate at 12/31/73—9.71%)		124.3	—
Other, including current portion of long-term debt		67.4	51.9
		<u>\$665.2</u>	<u>\$439.4</u>

age interest rate for the year 1973 was 9.9%, representing total short-term interest expense divided by the average balance outstanding.

Parent bank borrowings are principally from U.S. sources. Bank borrowings of affiliated companies, most of which are foreign, are primarily from sources outside the U.S.

Although the total unused credit available to the Company through banks and commercial credit markets is not readily quantifiable, informal credit lines in excess of \$750 million had been extended by approximately 135 U.S. banks at year-end 1973.

Accounts payable at December 31, 1973 and 1972 are shown below.

Accounts payable	(In millions)		
	December 31	1973	1972
Trade		\$583.4	\$489.3
Collected for the account of others		67.0	60.1
Nonconsolidated affiliates		<u>23.1</u>	<u>8.7</u>
		<u>\$673.5</u>	<u>\$558.1</u>

Other costs and expenses accrued at the end of 1973 included compensation and benefit costs accrued of \$385.6 million and interest expense accrued of \$22.6 million. At the end of 1972, compensation and benefit costs accrued were \$339.9 million and interest expense accrued was \$19.5 million. The remaining costs and expenses accrued included liabilities for items such as replacements under guarantees and allowances to customers.

Long-term borrowings amounted to \$917.2 million at December 31, 1973, compared with \$947.3 million at the end of 1972 as summarized at upper right.

General Electric Company 6¼ % Debentures are due in 1979.

General Electric Company 7½ % Debentures are due in 1996. Sinking fund payments are required beginning in 1977.

General Electric Company 5.30% Debentures are due in 1992. In accordance with sinking fund requirements, debentures having a face value of \$10.0 million, and reacquired at a cost of \$8.1 million, were retired in 1973. Debentures outstanding at the end of 1973 amounted to \$160.8 million after deduction of reacquired debentures with a face value of \$29.2 million held in treasury for 1974 and future sinking fund requirements.

General Electric Company 5¾ % Notes are due in 1991. At December 31, 1973, \$106.2 million was classified as long-

Long-term borrowings	(In millions)		
	December 31	1973	1972
General Electric Company:			
6¼ % Debentures		\$125.0	\$125.0
7½ % Debentures		200.0	200.0
5.30% Debentures		160.8	171.9
5¾ % Notes		106.2	112.5
3½ % Debentures		84.3	98.4
General Electric Overseas Capital Corporation		181.4	182.0
Other		<u>59.5</u>	<u>57.5</u>
		<u>\$917.2</u>	<u>\$947.3</u>

term and \$6.3 million was classified as short-term. Notes having a value of \$6.3 million were retired during 1973 in accordance with prepayment provisions.

General Electric Company 3½ % Debentures are due in 1976. Debentures having a face value of \$16.1 million, and reacquired at a cost of \$13.0 million, were retired during 1973 in accordance with sinking fund provisions. Debentures outstanding at the end of 1973 amounted to \$84.3 million after deduction of reacquired debentures with a face value of \$28.8 million held in treasury for future sinking fund requirements.

Borrowings of General Electric Overseas Capital Corporation (a wholly-owned consolidated affiliate) are unconditionally guaranteed by General Electric as to payment of principal, premium, if any, and interest. This Corporation primarily assists in financing capital requirements of foreign companies in which General Electric has equity interest. The borrowings include the Corporation's 4¼ % Guaranteed Bonds due in 1985 in the aggregate principal amount of \$50.0 million. The bonds are convertible through November 1975 into General Electric common stock at \$65.50 a share. Sinking fund payments on any 1985 bonds not converted are required beginning in 1976. Also included are the Corporation's 4¼ % Guaranteed Debentures due in 1987 in the amount of \$50.0 million and convertible from June 15, 1973 to June 15, 1987 into Company common stock at \$80.75 a share. During 1973, the Corporation issued 5½ % Sterling/Dollar Guaranteed Loan Stock due in 1993 in the amount of £3.6 million (\$8.3 million), convertible from October 1976 into General Electric common stock at \$73.50 a share.

Other long-term borrowings were largely borrowings by foreign affiliates with various interest rates and maturities.

Long-term borrowing maturities during the next five years, including the portion classified as current, are \$42.0 million in 1974, \$43.7 million in 1975, \$132.3 million in 1976, \$33.4 million in 1977 and \$31.3 million in 1978. These amounts are

after deducting reacquired debentures held in the treasury for sinking fund requirements.

Additional miscellaneous details pertaining to long-term borrowings are available in the 10-K Report.

Other liabilities were \$492.1 million at December 31, 1973 compared with \$456.8 million at December 31, 1972 and included such items as the deferred investment tax credit, the noncurrent portion of the allowance for replacements under guarantees, deferred incentive compensation, and other miscellaneous employee plans costs. Supplemental information is included in the 10-K Report.

Preferred stock, \$1.00 par value, up to a total of 2,000,000 shares has been authorized by the share owners. No preferred shares have been issued.

Common stock, \$2.50 par value, up to a total of 210,000,000 shares has been authorized by the share owners. Shares issued and outstanding at the end of the last two years are shown below. The number of new shares issued varies between periods depending principally on the requirements of employee plans and the timing of deliveries of shares under the provisions of those plans.

Common stock issued and outstanding		
	1973	1972
Shares issued at January 1	185,243,848	184,936,318
New shares issued:		
Stock option plans	274,409	296,002
Savings and Security Program	—	11,528
Shares issued at December 31	185,518,257	185,243,848
Deduct shares held in treasury	(3,370,759)	(2,895,999)
Shares outstanding at December 31	<u>182,147,498</u>	<u>182,347,849</u>

Common stock held in treasury for various corporate purposes totaled \$184.5 million at the close of 1973. The comparable amount at the end of 1972 was \$146.5 million. Purchases during 1973 totaled 1,698,126 shares including 344,826 at current market prices from employees who acquired them through employee plans other than stock option plans. Other purchases were primarily through regular transactions in the security markets.

Treasury stock dispositions are shown in the table at the upper right. During 1973, the General Electric Company delivered 105,000 shares in connection with the acquisition of Midwest Electric Products Inc.

Dispositions of treasury shares

	1973	1972
Employee savings plans	1,011,101	876,231
Incentive compensation plans	107,216	94,515
Business combinations	105,000	—
Conversion of Overseas Capital Corporation 1985 bonds	—	151
Other	49	28
	<u>1,223,366</u>	<u>970,925</u>

Included in common stock held in treasury for the deferred compensation provisions of incentive compensation plans were 1,222,422 shares at December 31, 1973 and 1,151,053 shares at December 31, 1972. These shares are recorded at market value at the time of allotment. The liability is recorded under other liabilities.

The remaining common stock held in treasury is carried at cost, \$127.7 million at the end of 1973 and \$96.1 million at the end of 1972. These shares are held for future corporate requirements including 1,500,931 shares for possible conversion of General Electric Overseas Capital Corporation convertible indebtedness described under long-term borrowings, for distributions under employee savings plans and for incentive compensation awards.

Amounts in excess of par value received for stock increased \$12.9 million during 1973 which resulted from amounts received for newly-issued shares in excess of par value of \$11.1 million, and net gains from treasury stock transactions of \$1.8 million. During 1972, there was an increase of \$27.8 million which resulted from amounts received for newly-issued shares in excess of par value of \$12.6 million and net gains from treasury stock transactions of \$15.2 million.

Incentive compensation plans provide incentive for outstanding performance to over 3,000 key employees. Allotments made in 1973 for services performed in 1972 aggregated \$27.8 million. Allotments made in 1972 for services performed in 1971 totaled \$24.0 million.

Retained earnings at year-end 1973 included approximately \$169.6 million representing the excess of earnings of General Electric Credit Corporation over dividends received from this affiliate since its formation. In addition, retained earnings have been reduced by \$0.6 million, which represents the change in equity in associated companies since acquisition. At the end of 1972, these amounts were \$158.9 million and \$1.5 million respectively.

The Stock Option and Stock Appreciation Rights Plan, approved by share owners in 1973 by 96.5% of the votes cast, as well as previous plans under which options remain outstanding, provided continuing incentive for more than 500 employees. Option price under these plans is the full market value of General Electric common stock on date of grant. Therefore, participants in the plans do not benefit unless the stock's market price rises, thus benefiting all share owners. Also, an employee can only exercise his option to the extent that annual installments have matured, normally, over a period of nine years. Thus the plans encourage managers and professional employees to have the long-term entrepreneurial interest that will benefit all share owners. Details of the 1973 Plan were included in the 1973 Proxy Statement.

A summary of stock option transactions during the last two years is shown below. At the end of 1973, there were 2,500,000 shares reserved for the 1973 Plan, and 2,123,266 shares covered by outstanding options granted under prior plans, for a total of 4,623,266 shares. Of this total amount, 303,209 shares were subject to exercisable options, 1,875,022 shares were under options not yet exercisable and 1,945,035 shares were available for granting options in the future. The number of shares available for granting options at the end of 1972 was 160,365; however, no options against these shares were granted and their availability was terminated May 1, 1973. Further details on stock options are available in the 10-K Report.

Stock Options	Shares subject to option	Average per share	
		Option price	Market price
Balance at Dec. 31, 1971	2,388,931	\$45.70	\$62.62
Options granted	475,286	67.62	67.62
Options exercised	(297,244)	42.71	65.79
Options terminated	(90,062)	45.52	—
Balance at Dec. 31, 1972	2,476,911	50.27	72.88
Options granted	554,965	64.75	64.75
Options exercised	(273,569)	42.84	63.69
Options terminated	(80,076)	52.50	—
Balance at Dec. 31, 1973	<u>2,678,231</u>	53.96	63.00

Lease commitments and contingent liabilities, consisting of guarantees, pending litigation, taxes and other claims, in the opinion of management, are not considered to be material in relation to the financial position of the Company.

Report of Independent Certified Public Accountants

To the Share Owners and Board of Directors of General Electric Company

We have examined the statements of financial position of General Electric Company and consolidated affiliates as of December 31, 1973 and 1972, and the related statements of current and retained earnings and changes in financial position for the years then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the aforementioned financial statements present fairly the financial position of General Electric Company and consolidated affiliates at December 31, 1973 and 1972, and the results of their operations and the changes in their financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

Peat, Marwick, Mitchell & Co.

Peat, Marwick, Mitchell & Co.
345 Park Avenue, New York, N.Y. 10022
February 15, 1974

Ten year summary



On worldwide basis of consolidation	1973	1972
Sales of products and services	\$11,575.3	\$10,239.5
Employee compensation, materials and all other operating costs	10,620.5	9,424.8
Operating margin	954.8	814.7
Other income	183.7	189.2
Interest and other financial charges	(126.9)	(106.7)
Earnings before income taxes & minority interest	1,011.6	897.2
Provision for income taxes	(418.7)	(364.1)
Minority interest	(7.8)	(3.1)
Net earnings	585.1	530.0
Earnings per common share (a)	3.21	2.91
Dividends declared per common share (a)	1.50	1.40
Earnings as a percentage of sales	5.1%	5.2%
Earned on share owners' equity	18.1%	18.0%
Cash dividends declared	\$ 272.9	\$ 254.8
Shares outstanding—average (<i>In thousands</i>) (a)	182,051	182,112
Share owner accounts—average	537,000	536,000
Market price range per share (a) (b)	75½ - 55	73-58¼
Price/earnings ratio range	24-17	25-20
Current assets	\$4,485.4	\$3,979.3
Current liabilities	3,492.4	2,869.7
Total assets	8,324.2	7,401.8
Share owners' equity	3,372.4	3,084.6
Plant and equipment additions	\$ 598.6	\$ 435.9
Depreciation	334.0	314.3
Employees—average worldwide	388,000	369,000
—average U.S.	304,000	292,000

GE values in appliances, then and now: 1911 dishwasher with today's Potscrubber®; 1912 GE electric range and today's with self-cleaning oven; 1927 "Monitor top" refrigerator with modern side-by-side refrigerator-freezer; and 1940 room air conditioner, costing \$395.95, with today's Carry Cool® priced at \$99.95.

(Dollar amounts in millions; per-share amounts in dollars)

1971	1970	1969	1968	1967	1966	1965	1964
\$9,425.3	\$8,726.7	\$8,448.0	\$8,381.6	\$7,741.2	\$7,177.3	\$6,213.6	\$5,319.2
8,688.3	8,177.8	7,961.4	7,733.8	7,100.3	6,545.3	5,568.1	4,930.6
737.0	548.9	486.6	647.8	640.9	632.0	645.5	388.6
152.0	106.8	98.7	86.3	91.4	72.4	72.1	69.9
(96.9)	(101.4)	(78.1)	(70.5)	(62.9)	(39.9)	(27.4)	(21.2)
792.1	554.3	507.2	663.6	669.4	664.5	690.2	437.3
(317.1)	(220.6)	(231.5)	(312.3)	(320.5)	(347.4)	(352.2)	(233.8)
(3.2)	(5.2)	2.3	5.8	12.5	21.8	17.1	16.1
471.8	328.5	278.0	357.1	361.4	338.9	355.1	219.6
2.60	1.81	1.54	1.98	2.00	1.88	1.97	1.22
1.38	1.30	1.30	1.30	1.30	1.30	1.20	1.10
5.0%	3.8%	3.3%	4.3%	4.7%	4.7%	5.7%	4.1%
17.6%	13.2%	11.5%	15.4%	16.5%	16.2%	18.0%	11.7%
\$ 249.7	\$ 235.4	\$ 235.2	\$ 234.8	\$ 234.2	\$ 234.6	\$ 216.7	\$ 197.7
181,684	181,114	180,965	180,651	180,266	180,609	180,634	179,833
523,000	529,000	520,000	530,000	529,000	530,000	521,000	516,000
6½-46½	47¼-30½	49½-37	50¼-40½	58-41¼	60-40	60½-45½	46¾-39¾
26-18	26-17	32-24	25-20	29-21	32-21	31-23	39-32
\$3,639.0	\$3,334.8	\$3,287.8	\$3,311.1	\$3,207.6	\$3,013.0	\$2,842.4	\$2,543.8
2,840.4	2,650.3	2,366.7	2,104.3	1,977.4	1,883.2	1,566.8	1,338.9
6,887.8	6,198.5	5,894.0	5,652.5	5,250.3	4,768.1	4,241.5	3,788.2
2,801.8	2,553.6	2,426.5	2,402.1	2,245.3	2,128.1	2,048.1	1,896.4
\$ 553.1	\$ 581.4	\$ 530.6	\$ 514.7	\$ 561.7	\$ 484.9	\$ 332.9	\$ 237.7
273.6	334.7	351.3	300.1	280.4	233.6	188.4	170.3
363,000	397,000	410,000	396,000	385,000	376,000	333,000	308,000
291,000	310,000	318,000	305,000	296,000	291,000	258,000	243,000

Requests for Additional Information

Additional information, including financial statements of the General Electric Pension Trust and the Company's Form 10-K Report, are available to share owners upon request. Requests should be sent to: Investor Relations, General Electric Company, 570 Lexington Avenue, New York, N.Y. 10022.

The 1973 Annual Report is one of four quarterly issues of *The General Electric Investor*, published to inform share owners and investors about activities of the General Electric Company. Others may receive the *Investor* on request.

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(a) Amounts have been adjusted for the two-for-one stock split in April 1971.

(b) Represents high and low market price on New York Stock Exchange for each year.



INVESTOR

Summer 1973

'Progress for People' at General Electric includes accelerating advancement opportunities for minority and women employees. GE's affirmative action programs do more than meet social objectives. They tap new sources of talent that strengthen the business.



Chairman Reg Jones: "Equal opportunity performance is essential to our twin goals of keeping GE profitable and socially responsible."

On June 5 in New York the *GE Investor* convened a panel discussion that brought together Reginald H. Jones, Chairman of the Board for General Electric, and corporate staff members Frank J. Toner, Manager—Employee Relations Management and Practices, James I. Nixon, Manager—Equal Opportunity/Minority Relations, and Jacqueline Pinckney, Manager—EO/MR Program Development. The discussion covered these points:

Jones: Current General Electric employment figures speak for themselves of the progress we've been making in providing opportunities for minorities and women—

- More than 30,000 minority men and women are at work with us—about one in every ten of our U.S. employees.
- Of 40,000 new people hired in 1972, 20.5% were minorities—that's more than one in every five people joining the Company.
- Employment of minority college graduates represented 13% of the total hired in 1972. And 11.4% were women. These were much higher percentages than in earlier years.

We don't regard these and similar results with complacency. We are well aware that much remains to be accomplished in implementing fully the Company's policy of providing employment, training, compensation and advancement without regard to race, color, religion, national origin, sex or age. It's a policy that has been emphasized by four succeeding Chief Executives of General Electric. In my own case, I took the first available opportunity, in my initial address to GE managers this past January, to make clear my own wholehearted support of the policy and determination to make it not just a passive statement of intent but a force for affirmative action in upgrading opportunities both for minorities and women.

Toner: From our corporate staff vantage point we see several key factors in achieving equal employment opportunity progress at General Electric. Foremost is the support of top management, expressed in a written policy and a systems approach that not only encourage the recruitment of minorities at the entry level but provide for the identification of those who have the capability and initiative to move up through the ranks. Coupled with this business oriented systems approach is the concept of *measuring* managers on their performance relating to equal opportunity goals.

Jones: That's right. We are now well into our fourth annual series of reviews, starting with department level managers and reaching to the most senior levels of management, to assess how well they have done against their quantitative goals and in the creativity they have applied to the qualitative elements of performance. I'll add the comment that this sense of commitment starts with the Board of Directors. This was evident at the Board's last meeting, when I presented a proposal that we aid Dr. Leon Sullivan's Opportunities In-

dustrialization Centers by enabling their managers to take our Company-developed Managerial Skills Development Course. The commitment of the Board members came right through. They endorsed the proposal and encouraged us to press forward on this activity.

Nixon: I'd like to point out that EO/MR programs aid more than just the minority people—they're benefitting the Company and, ultimately, the country. Studies we've conducted at GE, for example, have established the values that accrue each time you take an individual off the welfare rolls and onto the payrolls—the decrease in welfare costs and taxes on the one hand, and the increase in gross national product and of buying affluence on the other.

Jones: Your point underscores the importance of equal opportunity performance on several levels. At base, it's a legal requirement—for us to do business with the government involves regular "compliance reviews" that measure our progress and plans against our EO/MR objectives. Above that, it's a moral requirement—it's expected of us as a socially responsible corporate citizen and it's essential to the self-respect of those of us employed by the Company. At the same time, fortunately, it makes good economic sense for the country, as you've pointed out, and good business sense in keeping our operations profitable.

Toner: Especially for us at General Electric! For instance, something like 40% of our production capacity is in major urban areas—including some whose total work force is over 50% minority. To gain the full cooperation and dedication of employees in these areas, we need to shoulder our fair share in providing a healthy business climate in which minority people can move up in our professional and managerial ranks.

Nixon: Purely as consumers of products of types produced by General Electric, blacks alone form a \$50 billion market, and other minorities—Spanish-surname, Oriental and American Indian—swell the total to at least \$75 billion. So, for our businesses to be fully competitive, we need to build good will based on recognition of our EO/MR efforts.

Pinckney: And let's not forget that some of the core businesses of General Electric are businesses whose future is, in a sense, decided by the woman of the household who makes the purchase decisions.

Jones: Right. If she feels kindly toward the Company's products and services, I'm sure the feeling is enhanced if she also recognizes that General Electric is fair in its treatment of women.

Toner: In line with these points, I think it's important to mention the women's panel that Jackie has organized that is similar to our minority panel of advisors from around the Company. These are made up of a cross section of key professionals. They meet regularly to discuss the major problems they see, to share their concerns and

exchange ideas for innovative programs. They've been the source of some excellent ideas we've been able to put into action.

Pinckney: One idea that came out of the women's panel was the need for new means to change men's perceptions of women in responsible jobs. Unfortunately, many men still feel that women should stay home and bake brownies or, if working, they can only look up zip codes. They're not ready to accept women as managers or in other responsible positions. We've begun to meet this need for a change in perceptions. We've done a "Women in Business" study that sums up the implications of equal rights for women. Another step has been the sponsorship by the General Electric Foundation of a "psychodrama" that makes men aware of the "blind spots" in their attitudes toward employing and promoting women.

Jones: I've seen the show. It does a great job in pointing up how a man can be victimized by his own prejudices toward women in re-



Panel participants (left to right): Toner, Nixon, Jones, Pinckney.

sponsible jobs. Developments such as a woman among our traveling auditors prove to me how swiftly we're changing at General Electric. That brings me to a point I want to make: a very important ingredient in our total program has been the establishment at both the corporate and operating levels of people like yourselves who are determined to see action programs put in place, who constantly goad us, check on us, become burrs under our saddles to make sure that even with the myriad business problems crossing our desks we never lose sight of our "people" objectives. I'm also aware, gratefully, of the tradition that GE people involve themselves, on their own time, in community activities. All of these are contributions that have helped convince people, even in some of the ghetto areas, that we are concerned, we are responsive to their needs.

(continued on page 25)





At a new plant in a new city...job equality is part of the blueprints

Fifteen miles southwest of the Baltimore metropolis, a new city is growing according to carefully prearranged plans. When complete, in about 1985, the new city, Columbia, will be the second largest city in Maryland, with more than 100,000 people.

On the outskirts of the new city, a new manufacturing plant is growing, also according to plan. When complete, in about 1980, the new plant, General Electric's Appliance Park-East, is expected to be the second largest appliance plant in the world, with about 10,000 employees. It will be surpassed in size only by the Company's original Appliance Park in Louisville, Kentucky.

And within the plant, General Electric is testing the proposition that a complex social challenge—the need for true equality of opportunity on the job—can yield to the kind of systematic planning that can build a new city or a new manufacturing plant.

If all goes according to plan, by the time Appliance Park-East is complete, about a quarter of the work will be done by minority-group employees. And it is hoped that these minorities will be distributed proportionately throughout the work force.

The great majority of minority-group employees will be from the Greater Baltimore area from which Appliance Park-East draws its people.

By 1980, then, minorities and women will be working as managers, mechanics, computer technicians, engineers, assemblers and secretaries at Appliance Park-East. Their incomes will make a significant economic input for the community of Greater Baltimore. **Achieving genuine equal opportunity** requires more than a passive posture of non-discrimination, as American industry as a whole has learned over the past decade. General Electric's early policy of non-discrimination, although ahead of its time when

enunciated in the early 1930's, did not generate the action needed to achieve a full measure of equal opportunity.

That kind of action is being built into operations at Appliance Park-East. There, GE managers have applied the same kind of planning elements to equal opportunity that go into establishing and achieving sales and profit goals. They studied the environment, identified advantages, sized up potential problems, devised plans for coping with them and established objectives.

"Planning for equal opportunity was an integral part of the total plan for Appliance Park-East," recalls Donald W. Lynch, Vice President and General Manager of the Range Products Division. And the Manager of the Relations and Utilities Operation at the plant, David J. Dillon, who is responsible for managing the equal opportunity effort there, adds, "When we drew up our original plans, we found we had some pluses and some minuses.

"As a brand new plant, we started off with a blank sheet of paper. That was our biggest plus," says Dillon. With no pre-existing job pattern to cope with, Dillon and his associates had a clear field.

They had other advantages:

- Baltimore, itself. The black community in Baltimore was a stable one. Schools were comparatively good. Many black residents had had useful industrial experience.
- Housing. Columbia, the new city, was committed to an open-housing policy. Thus, black professional and supervisory employees recruited from outside the Baltimore area were assured of modern, non-discriminatory housing convenient to the plant.
- Early commitment. From the outset, the commitment to equal opportunity was articulated clearly throughout the plant organization. "There was," Dillon observes, "no foot-

(continued on page 6)

Appliance Park-East: Facts and Figures

Appliance Park-East is sited on 1,100 rolling, wooded acres in Howard County, Maryland. When completed in 1980 the plant is expected to provide about 10,000 jobs, with a total annual payroll of \$140 million. (By comparison, GE's Appliance Park at Louisville has 20,000 employees.)

Range production and warehouse operations began in 1971, and air conditioner production early in 1972. Plans for expansion include a third manufacturing facility for clothes dryers scheduled to begin production in 1975.

AP-E now has 44½ acres of manufacturing, office and warehouse space under roof. Completion of the automatic-dryer building will bring that total to over 58 acres. Eight miles of roadways and five miles of railroad track have been built on the site for importation of parts and raw materials and exportation of completed appliances.

Local ecological balance is carefully protected. Liquid wastes are processed in a two-million-gallon-a-day Industrial Waste Treatment plant. Storm drains and basins protect local streams from flooding and silting. Solids precipitated in the waste treatment facility are used in state-approved land fill. A clean, gas-fired central plant eliminates the flyash problem and expels negligible stack emissions. Manufacturing fumes are treated with afterburners, water wash systems, filters and precipitators. Much of the original woods and ground cover have been preserved so that most major buildings are not visible from nearby main highways.



Which spouse is the GE supervisor? Answer: Both. Earl Eybs is a final-line foreman in the range plant, and wife Cathy holds the same position in air conditioning.



Supervisor Jim McKinney coaches Lou McAdams on the range-fabrication automation unit.



As part of the self-development program, production specialist Herb Ballard and foremen Bernice Hopkins and Roy Pruett attend a class in manufacturing after work in the range plant.

dragging. Everyone knew we had a job to do."

But there were also areas of concern. One was transportation. Management was worried that with no public transportation available, many qualified people from the inner city would not make the 18-mile trek into the hinterlands. Appliance Park-East studied local attitudes, drew on the experience of other GE plants and decided that potential employees would probably use private cars and the excellent highway access to the plant. Alternate plans were developed, but have proved unnecessary so far.

A more difficult concern was a shortage of skills among potential minority employees in several essential job classifications. There were, for instance, few skilled craftsmen, few highly skilled clerical employees. Appliance Park-East decided to hire the best qualified candidates and devise programs which would enable these new employees to achieve upward mobility.

Plant management set as its immediate goal a minority employment roughly equiv-

alent to the minority population in the Greater Baltimore area—about 25 percent. As Dillon testified before the U.S. Commission on Civil Rights in 1970 (when total employment at Appliance Park-East numbered only 71), "The equal employment challenge at Appliance Park-East is receiving the highest managerial priority."

Operations were scheduled to begin in 1971 in three Appliance Park-East facilities: the range and air-conditioning manufacturing buildings and the million-square-foot warehouse.

Intensive recruiting in the Baltimore black community began well in advance.

A black GE employee relations specialist, Arthur Wells, transferred to Columbia from Cleveland to spearhead the minority recruiting effort. Between 1970 and 1972, Wells estimates, he made dozens of speeches before black organizations, reiterating GE's equal opportunity commitment.

Advertisements were placed in Baltimore newspapers serving the black community.

As black employees were hired, they were asked to recommend other potential black recruits with needed skills.

Appliance Park-East made intensive effort to attract qualified minority applicants into programs, such as apprentice training, which would lead to higher-rated jobs.

By the spring of 1973, Appliance Park-East was able to report a qualified success for its equal opportunity effort.

Of the total of 2,700 employees on the job, slightly more than 25 percent are from minority groups.

Dillon is pleased that about 50 minority employees have gained supervisory and professional positions. He would, however, like to see more minority supervisors and engineers on the job.

He is concerned, too, that despite intensive efforts there are still few minority-group employees in the skilled trades area. Many who have the requisite high-school background to train for sophisticated industrial maintenance jobs, for instance, prefer to use

(continued on page 25)

No ghettos in the new city

Columbia, the new city, is taking shape much as developer James W. Rouse dreamed it would a decade ago. Twenty-seven thousand people now live in its private homes and apartments. Twenty-five industrial plants ring its perimeter, fulfilling Rouse's goal of a community where people could both live and work. Rouse also conceived of a community where people could find homes without having to overcome racial barriers. That hope, too, is being fulfilled.

Levi Lipscomb, a unit manager at Appliance Park-East, is one of those who has found Columbia to be truly open. "In terms of race," Lipscomb observes, "Columbia is the best place I've ever lived."

A Baltimore native and a physics graduate of Baltimore's Morgan State College, Lipscomb was one of the first GE professionals recruited to form the initial management cadre at Appliance Park-East. Earlier, he had been a quality control engineer at GE's jet engine plant at Evendale, Ohio.

He's lived at Columbia for three years, now. He and Mrs. Lipscomb (left) bought a three-bedroom home in the Columbia community of Tarleton. He likes being able to get to work in 10 minutes, likes the value he's receiving in his new home. Carrying charges, he reports, are significantly less than any rentals available to him in the area.

"But," he emphasizes, "Columbia is not Utopia. When it's complete, it's going to be a city—a nice city, but a city all the same. And it's going to have the same kinds of problems older cities have, although on a smaller scale. We already have a transit problem and even a small crime problem."

Lipscomb tries to make a personal effort to keep Columbia a good place to live. He is active in community affairs and serves as vice president of Tarleton's community association. "Those of us who live here and work here have to take the responsibility for making certain that Columbia continues to be something special," says Lipscomb.



Two pioneers in the apprentice shop



John Murray has been a manufacturing man all his adult life—as an apprentice, a tool-and-die maker, foreman, a teacher of industrial training and at present as manager of apprentice training at Appliance Park-East.

In all his 28 factory years he has never laid eyes on a woman tool-and-die maker. He may soon.

He's training two young women to enter this demanding and highly paid trade.

One is a 23-year-old black woman named Balus Glover. She used to be a fine arts major at Morgan State College, and had operated a quilting machine in a mattress factory.

The other is Janet McPherson, a 20-year-old Baltimore high school graduate who had worked in a printing plant.

They are training for what Murray describes as the pinnacle of industrial trades.

"An experienced tool-and-die maker should average \$14,000 a year, plus benefits and plenty of overtime," says Murray. "They can always find work in any industrial area. Hard times don't affect them. They're always in demand."

The work is exacting.

They deal in fine tolerances—down to tenths of thousands of an inch. They must take a job from blueprint through a complicated series of machine tool operations to precision finishing—as many as 80 hours' work on one die. A single error may mean that the whole job must be scrapped and started over again.

The apprentice-training program at Appliance Park-East is equally exacting. Over 3½ years, Balus and Janet will work 6,000 hours in the training shop and another 850 in the classroom.

The program is an important avenue into factory supervision as well as into the skilled trades. About 900 applicants have been screened for training in tool-and-die making and industrial maintenance over the past three years. Only 60—including two of the four women who applied—made it through.

Although Janet and Balus will be rarities in the industry—journeywomen tool-and-die makers—neither is much impressed by her role as a pioneer.

"Frankly, when I applied for this program, I didn't even know what a tool-and-die maker was," says Balus. Remarks Janet: "It never occurred to me that a woman shouldn't take this training.

"But," she adds reflectively, "maybe Balus and I have changed a few people's thinking."

Count John Murray as one who is convinced.

"Balus and Janet have what it takes," asserts Murray. "They have mechanical ability, and a strong interest and desire to learn.

"There was a time when it seemed to me that women just didn't want to get their hands dirty. But times are changing."



AP-E reaches out to veterans, too

The affirmative action recruiting techniques used by Appliance Park-East to recruit minorities and women are also being used to help smooth the transition of returning veterans to civilian life.

A former U.S. Army lieutenant colonel, Wilbur Crable, now an AP-E personnel recruiter, is spearheading the recruiting effort among veterans. Crable takes the GE job story to nearby military bases and to job fairs sponsored by veterans' organizations.

Crable is convinced that veteran recruiting efforts at Appliance Park-East and other GE plants have real social value. He explains: "Many veterans—both men and women, incidentally—have gone into service straight from high school and have little job-hunting experience. They need help."

Most of the returning veterans have limited industrial skills and enter AP-E at low-skill jobs. But Crable is particularly pleased that five members of the plant medical staff, including the Medical Director, are recently discharged veterans.



The Saga of Carton World

Carton World, Inc., is a fictional company staffed by candidates for supervisory positions at Appliance Park-East. Virtually all of the minority-group and women foremen at the plant have come up through the ranks of Carton World.

For two days, candidates for advancement to foreman positions at Appliance Park-East imagine themselves to be new foremen at Carton World.

They deal with the complexities of overflowing in-baskets, personnel disputes, production foul-ups and corporate policies. Their role-playing is under the scrutiny of a panel of seven General Electric managers.

Leonard A. Rauch, who directs the program, explains that it is one of the most important means of attaining upward mobility for current employees.

This program, called the Supervisory Assessment Center, is a General Electric innovation, based on behavioral research studies and designed to determine the candidates' potential effectiveness on 19 different points.

Rauch emphasizes that the selection of foremen once rested heavily on candidates' performance on written numerical, verbal and mechanical tests. Black groups contend such tests discriminate against black candidates.

The written tests now play a relatively small part. "The Supervisory Assessment Center does a far more comprehensive job of evaluating the potential of all candidates to handle the work of a front-line supervisor. The management panel which observes the candidates as they role-play foremen pays close attention to their ability to motivate others, to control a difficult situation, to make decisions, and to relate to fellow employees," Rauch states.

He encourages supervisors to nominate any of their people who show supervisory potential to participate in the center. About one-third of those who do participate make the grade and go on to train for supervisory positions.



Women: moving up twice as fast

Three decades have passed since Rosie the Riveter and millions like her proved that women can hold their own on the assembly line. Now the big push is to increase the numbers of women in better-paying, more rewarding managerial and professional careers.

Opening up such opportunities in a highly technological company like General Electric offers a special challenge. Traditionally, a high percentage of the top GE salaried positions are held by people with technical or financial degrees yet today relatively few of these graduates are women. To help expand the technological talent pool from which it draws most of its managers, the Company is aggressively encouraging women, as well as minorities, to get technical educations.

GE also realizes that the potentials and talents of many women already in the work force are not being fully utilized, partly because of institutional and attitudinal barriers. To break down such restrictions, the Company has adopted vigorous affirmative action programs to seek out women capable of qualifying for management and professional jobs. As proof of its progress on this front, last year GE more than doubled the traditional rate at which women become managers and the rate at which women professionals are added to the payroll.

As a result, not only do women get the jobs for which they are qualified, but the Company also benefits by tapping this woman-power resource of skills and talents.

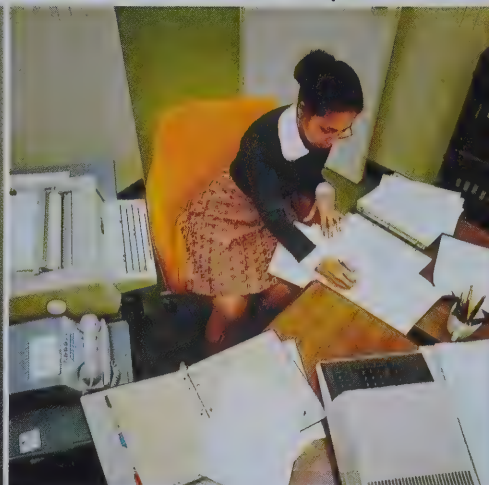
On this page and the next are a sampling of the careers women have chosen at General Electric, ranging from traveling auditor to sales engineer to security guard. As their ranks increase—and GE is working to see that they do—they will be moving more and more into positions which in the past were mostly filled by men.



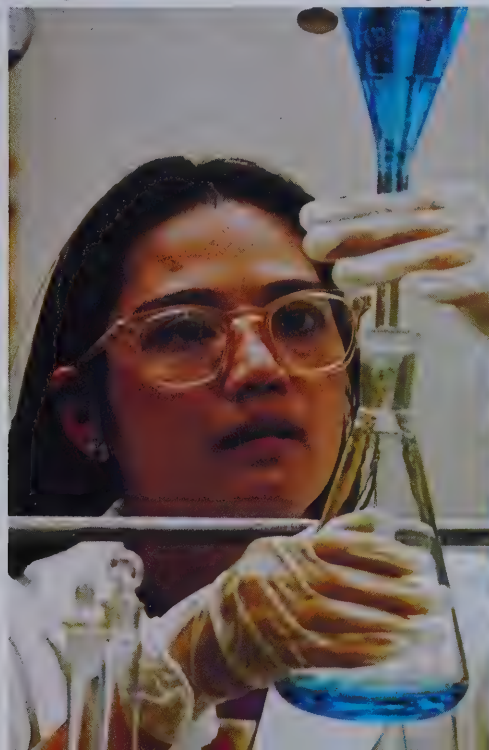
Traveling Auditor Jean Seymour



Above, Forewoman Jo Ann White, Underwater Environmental Laboratory Director Ruth H. Fry and Welder Sophia Sargent.



Above, Sales Engineer Helen Kaiser, Financial Management Program Trainee Brenda Lopes and Marketing Management Development Consultant Marion S. Kellogg.



Marjorie Boutillier, Manager, Corporate Secretary Support Operation and Associate Corporate Secretary—Administrative

Far left, Chemical Technician Celia Dayrit

Left, Plant Security Guard Dale M. Van Wie

GE 'campus': a path for personal progress

It isn't enough for a business today to play the "numbers game"—merely adding greater numbers of minorities and women to the payrolls. To make real progress toward more balanced employment at all levels it's essential to provide opportunities by which minority individuals and women can move up into the company's professional and managerial ranks.

Awareness of this need at General Electric is showing up increasingly in the Company's educational programs. A strongly technological company, General Electric has long given a high priority to training and education. Today, GE spends on the order of \$60 million a year on educating and training its employees, some 100,000 of whom participate yearly in a veritable industrial "campus" of development and training programs.

Increasingly, the faces of participants in these GE-conducted courses are those of minorities and women.

This year, minorities and women are represented in each of these major GE entry-level professional development programs: Financial Management, Manufacturing Management, Technical Marketing, Field Engineering, Engineering Management, Employee Relations Management, Legal, Sales Financing and Advertising and Public Relations.



General Electric's Management Development Institute, headquartered in a 30-acre facility at Crotonville, N.Y., as pictured above, offers a range of professional and managerial courses that constitutes a career-long series of opportunities for GE people to develop their potentialities to the fullest possible degree. More than 4,000 employees participate in the Institute annually, and facilities are being expanded to accommodate increased enrollments. The strengthening trend of participation by minorities and women is also true of these programs. One such program, the Managerial Skills Development Course designed for people who want to work toward managerial positions, has recently been composed of 32% minorities and 17% women.

In addition to conducting its own development programs, General Electric makes it possible for employees to study at nearby educational institutions. The Tuition Refund Program, for example, reimburses employees for study in college-level, job-related courses.

A black college moves

In the upper ranks of U.S. industry today—General Electric included—you'll find few black faces, few people with Spanish surnames or from other minority groups. The reason is not so much discrimination as it is supply.

The explanation for this is simple, if distressing: a high percentage of the people occupying top managerial and professional positions in American industry hold technical degrees—60% at General Electric for example. But of the 44,000 engineers who graduated in the U.S. last year, just 405—less than 1%—were black, and a handful more were from other minorities.



GE is moving on several fronts to help more and more minority youths qualify themselves for these leadership jobs. This year, for instance, of the \$3.2 million the General Electric Foundation (an independent trust established by the Company in 1952) has allocated for grants to educational institutions, more than \$1 million will go to support programs involving minority groups.

One such program, the Mainstream Awards, is directed toward helping to bring predominantly black colleges into the main-

toward the mainstream

stream of American education.

Recipient of a two-year \$100,000 Mainstream Award is Prairie View Agricultural and Mechanical College, a predominantly black co-educational college situated on a hill commanding the Texas plains, an hour's drive from Houston.

At Prairie View the atmosphere fairly crackles with educational esprit de corps as faculty and nearly 4,500 students pursue the school's official goal: "The Attainment of Excellence."

In this quest, the college is using its Mainstream funds "to create an awakening of the minority communities to the importance of



engineering in bringing about changes of meaningful consequence in society" and "to minimize the image which portrays engineering as a profession of and for the majority culture."

Some of the steps Prairie View is taking to seek out potential engineering students and help them earn their degrees:

- Billboards strategically placed throughout metropolitan Houston describe opportunities in engineering.
- Newspaper ads and radio and television

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General Electric in South Africa

The preceding pages of this *GE Investor* have described General Electric's efforts to provide equal opportunity in the U.S. But General Electric's equal opportunity policies apply worldwide, within the framework of the laws of each of the 37 countries where GE does business. South Africa is no exception. There as elsewhere it is the Company's policy to try to provide equal pay for equal work and performance without regard to race, creed or color.

As background, General Electric has been active in South Africa since 1894. For much of this time GE's activities consisted of import sales and distribution. The South African General Electric Company was incorporated in 1898 and the present wholly-owned affiliate, South African General Electric Company (Pty.) Ltd. (SAGE), commenced operations as a successor company in 1919.

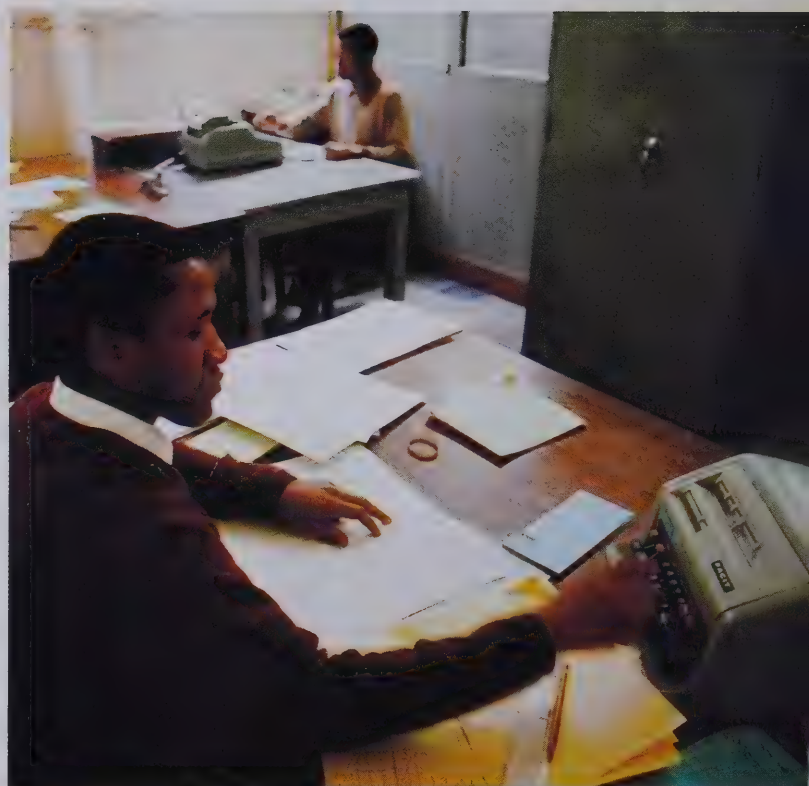
Local manufacture was begun in 1945 with the production of magnet wire. Manufacturing activities at Benoni, 20 miles east of Johannesburg, have been extended to include a variety of consumer products and light industrial goods produced for the South African market. SAGE provides local sales and service for steel-mill drive systems and also markets locomotives assembled by Dorman Long (Africa) Ltd. as sub-contractor, with components supplied both by SAGE and by GE operations in the U.S. SAGE holds majority interests in the Reid & Mitchell (Pty.) Ltd. apparatus service shop in Johannesburg and in Magnet Wires (Pty.) Ltd., a small manufacturing facility at Babelegi. Sales by SAGE in 1972 were less than one percent of total GE sales. Competing for relatively limited markets against heavy local, international and U.S. competition, the affiliate realized a modest profit in 1972. Total employment by the affiliate is about 1,500, including some 600 whites, 800 black or African employees, and 100 Asiatics and Colored—people of mixed blood.

Since this is essentially a story of people, the following report consists of a series of personal statements by people in positions to understand General Electric's goals in South Africa and the progress being made toward those goals.

Edward E. Hood, Jr., Vice President and Group Executive, International and Canadian Group:

Within the past year I joined with J. Russell Mudge, the GE Vice President responsible for our operations in that part of the world for the past six years, for an on-the-spot, in-depth business review of the operations of South African General Electric, with a special emphasis on the black worker situation there—what we are doing about it and what programs and plans we have for the future.

My own visit was intensive. I took the opportunity to have conversations with people of all classifications in the Benoni plant. In addition to the factory, I visited Daveyton, the nearby township





The city of Johannesburg provides a setting of economic growth for the nearby operations of South African General Electric (SAGE).

where a great many of our black employees live. And I had opportunity to meet with a number of people outside the company, including black leaders in South Africa. The dialogue thus started in South Africa has been continued—most recently at a luncheon in New York City with Mr. Lucas Mangope, Chief Minister of Bophuthatswana, the “homeland” of the Tswana-speaking people. These activities, I feel, have given me the firsthand knowledge necessary to understand and fairly represent the depth of experience of our management in South Africa.

In going to South Africa I was aware, of course, of the racial laws within which our affiliate there carries on its operations. In my talks with black employees and black leaders, they were candid about their dissatisfaction with these restrictive laws. At the same time, all of them were convinced that change is occurring. The main interest they expressed to me was in seeing this change come faster. Similarly, I noted that the white community itself is sharply divided over these policies. Criticism and opposition make headlines in almost every day's newspapers. It was thus a less rigid and static situation than I expected to observe.

In this situation of change, I came to feel more strongly than ever that the continued presence and example of South African General Electric is a positive and constructive force. While the impact of SAGE on General Electric's total sales and earnings is slight, there are both long-term business and social reasons why we believe that our continuation there is desirable.

In terms of business potential, the very factor of change makes South Africa important to us. It is by far the most productive country in Africa, with the most advanced industrial economy. Currently, its economic horizons are limited by a shortage of skilled labor. The increasing momentum in bringing non-whites into the work force, improving their skills and enlarging their incomes is in itself a major stimulus for growth in South Africa—growth in which we expect to participate, both for the good of our people there and in the share owners' interest. We foresee SAGE becoming a steadily stronger factor in GE's international business, whose growth we consider essential to the long-range success of General Electric.

On the social front, SAGE is making a number of notable contributions to the progress of non-whites. One important step was taken by Russ Mudge four years ago in choosing as president and general manager of the affiliate an American-born manager who is personally committed to the principle of advancing people solely on merit. Bob Johnson operated that way as a U.S. manager. He is operating that way to the fullest possible extent in South Africa, with the strong support of his predominantly South African-born management team.



Group Executive Hood (top), at SAGE, talked with black employees and reviewed production of appliances and industrial controls. Bottom: VP Mudge at new magnet wire production facility.

The facts for SAGE, as reported by Mr. Mudge, show substantial gains for non-white employees by all the criteria regularly used to measure progress for employees anywhere in the world:

- **More jobs**—In January 1968, SAGE at Benoni employed 486 blacks; today the figure is up to 720—an increase of over one-third.

The Upward movement of Non-white Employees at SAGE Benoni

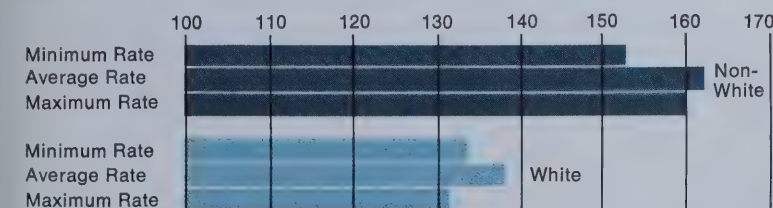


- **Upward mobility**—This first chart (shown above) indicates the movement of non-whites into more skilled jobs and into the ranks of clerical and professional employees. For example, 70% of non-white employees were in unskilled jobs in 1968, and none held clerical or professional positions; in 1973, only 52% are unskilled, with the balance in semi-skilled, clerical and professional ranks.

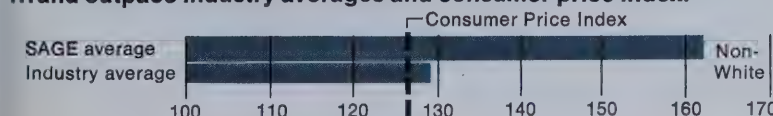
- **Higher pay**—The relatively greater upward mobility of non-white employees has been the main reason why gains for blacks have outpaced those for whites, as indicated by the second chart (below). The indices show that pay for non-white employees has increased significantly more than white hourly pay and has kept well ahead of the consumer price index. SAGE averages have exceeded those for the industry. Specifically, pay for non-white employees has increased by 52% in the past three years, while pay for white employees rose 33%. Since the beginning of 1971, improvements have been made in SAGE's hourly pay structure no less than six times, with a further increase scheduled for June 1973.

Wages for non-whites at SAGE outrun increases for whites...

Wage indices for March 1973 based on January 1969=100



...and outpace industry averages and consumer price index.



- **Equal pay for equal work**—The chief determinant of pay rates at SAGE, as elsewhere in GE, is the level of skill. When a black employee has higher skills than a white employee, his pay is commensurately higher. Because of the disparities in skills, there is a gap if you average all whites versus all non-whites, but this is narrowing as blacks improve their skills and move up. Let me repeat: SAGE has a policy of paying equal pay for equal work and performance. It has a single wage plan covering both white and non-white employees and, similarly, a single salary plan applying to all groups. However, since blacks may not belong to unions they are excluded from the two highest factory wage levels, requiring artisan skills, which the union restricts to its members. But there are signs that even these types of union pressures are diminishing.

- **Skill training**—The statements by SAGE people included in this *Investor* indicate the heavy emphasis SAGE is giving to employee training programs. These have been particularly effective in helping black employees adjust to factory life and upgrade their skills so as to qualify them for higher-skilled jobs. Black leaders have told me that this is perhaps the most important contribution that SAGE can make: to get black people into the economic mainstream through their command of useful skills.

- **Improved benefits**—Most benefit programs at SAGE provide equal coverage for all employees. The affiliate is working on putting pension plans and medical assistance also on a comparable basis.

- **Better employee representation**—With blacks still unable to belong to unions, SAGE has initiated a number of measures to insure two-way communication with its non-white employees. In addition to the foreman-supervisor channel, eleven black Team Leaders have been designated, with responsibility to keep management informed of their teams' concerns as well as to inform the team members of management's objectives and policies. Recently, SAGE management took the additional initiative of establishing a special Liaison Committee, whose ten members have been nominated and elected by the black hourly employees from their own ranks. The committee's members meet monthly with management.

I hope these comments make it clear that we in General Electric and at SAGE share the concern that U.S. groups have expressed for the situation of non-white people in South Africa. We think our best way to express this concern is by our continued presence in South Africa and the further development of a viable business that will remain a leader in enlarging opportunities for all South African people. This is not to say that we don't have a great deal of work yet to do. We certainly have areas that need improvement, and we're working on them. But on the whole I feel convinced that through accepting the welfare of our employees as a prime responsibility and recognizing that this responsibility includes the largest possible measure of equal opportunity for all, South African General Electric is contributing to healthy change and constructive evolution in South Africa.

Robert E. Johnson, the Connecticut-born President and General Manager of South African General Electric, has been with GE since joining its financial training program in 1941. He was general manager of a U.S. operation before coming to SAGE in 1969.

SAGE operations have been moving forward by every indicator of business health. The affiliate has been organized into manageable segments—with operations mostly in the hands of capable South African managers. We've done a great deal to improve our physical facilities. Profitability has been improving. And we've given great emphasis to human factors.

To be a leader, a company must pay attention to the competitive advantages that come from a superior team of managers and employees, and this requires advancement on merit at all levels. Employees won't otherwise have confidence in management. That's one reason why promotion on merit is just as important here in South Africa as it is anywhere else.

We consider the development of a quality work force as the key to the future for SAGE. And to build strong and efficient operations here depends on attracting and developing competent non-white employees. The analysis we made when I first came here was that minimum pay for black employees was lower than it should be. We put pay increases on a regular basis. Other forward steps have included strengthening our training activities and the formation of the Liaison Committee elected by black employees—steps that relate directly, I'm sure, to lower employee turnover and absenteeism and to our steady rise in productivity.

Along with these business improvements has gone the personal satisfaction of seeing our black employees seize their opportunities, rise in our organization and improve their living standards.

Our strong emphasis on skill development is in line with what black leaders tell us they want for their people. Recently, for instance, we acquired a majority interest in a small magnet wire operation at Babelegi, a town in the "homeland" of the Bophuthatswana people. The operation is giving young blacks there opportunity to develop skills in a rather difficult manufacturing technology. We also intend to use the facility as a training ground for black foremen, supervisors and, as quickly as one can be trained, a black manager. The leader of that territory has assured me that this move has his strongest approval because it gives his people technical training and the ability to run their own businesses.

I place great stock in "being able to live with myself." My four years at SAGE haven't caused me difficulties on this front because I see our operations joining those progressive companies—including many locally owned companies—that are taking the lead in upgrading the economic status of blacks here. Those who favor the withdrawal of U.S. enterprises serving as catalysts for social progress must be asked to offer alternatives. My goals are to keep SAGE developing as a healthy business, a valuable factor in GE's international operations and a good example as an equal opportunity employer. We've made a successful start on all three counts.

Michael O'Grady, born near Capetown and a graduate of Rhodes University, became SAGE's employee relations manager in 1967.

In 1970 I went to the U.S. for two reasons: to attend the Manager Development Course at the Company's Management Development Institute and to establish a strong liaison with the headquarters corporate relations organization and specifically the equal opportunity/minority relations staff. That liaison has been maintained. The corporate staff EO/MR manager has toured SAGE facilities and



Robert E. Johnson



Michael O'Grady

continues to advise us on our affirmative action plans for non-white employees. At SAGE today we have affirmative action programs covering all the main areas of employee relations.

Hiring of blacks is administered by a black professional.

Training was formerly on an *ad hoc* basis; now it's a planned everyday activity. Our full-time black training specialist conducts an orientation course for all new black employees and a three-phase classroom program for new additions to industrial control operations. In addition, a full-time training supervisor helps employees in the appliance plant improve their skills.

Hourly pay is reviewed semi-annually, the salaried rate structure annually. With the next hourly pay increase scheduled for June, no SAGE employee—not even the most unskilled newcomer—will earn less than \$100 per month, which is above the Poverty Datum Line of \$93 cited in the February 1973 report by the U.S. State Department on "Employment Practices of U.S. Firms in South Africa." These rates must be weighed against cost-of-living factors that include rents at Daveyton of \$8 monthly for a four-room house. As an indicator that color will not prejudice an employee's pay rates, pay for hourly-rated blacks at SAGE runs as high as \$318 a month, while whites in lower-graded positions earn substantially less.

In terms of work hours, vacations, holidays, sick leave, group life insurance and educational assistance, our employee benefit plans are identical for white and non-white employees. Employees who need medical attention can receive free treatment in the plant clinic. We're working on a broader medical assistance plan that includes coverage for dependents of black employees, but the heavily subsidized national plan supplies non-whites with such low-cost medical care that they have, thus far, shown little interest in company programs. While we have pension plans for all employees, they

are not uniform for all groups. These are areas of concern for us, since our intent is to make our plans completely comparable.

Our operating philosophy is that opportunity on merit here in South Africa must be more than just words; it can be a fact, and at South African General Electric it is becoming a fact.

Petrus Phakane, born in the Orange Free State and a graduate of the University of the North, joined SAGE's professional salaried ranks as personnel officer in charge of black employee relations.

I was an announcer at the South African Broadcasting Corporation before coming here. I wanted more direct face-to-face contact with people. SAGE offered me the opportunity of making decisions.

My job entails personnel selection, placement and counseling. I have established a screening system to select those candidates who have the apparent ability to cope with the job and respond to training. Applicants take three series of tests to determine their aptitudes. Also, I interview each applicant at length. All of this is done in the language in which the applicant is most comfortable—English, Afrikaans or a number of African languages. I find the counseling very interesting—to help employees adjust to industrial life.

SAGE management helps by promoting from within. When a higher-skill job is open we look for a man at a lower level who can move up to it. That is how my people have been moving up to higher jobs and higher pay.

Philip Gidane received his junior certificate from the high school in Germiston and is now, at SAGE, the specialist conducting training programs for new black employees.

I worked for SAGE as a delivery driver before being transferred to the personnel office. There I did clerical work and assisted Mr.



Petrus Phakane



Philip Gidane

Phakane. Then SAGE sent me to the National Development and Management Foundation for a course in inducting and training new people. That prepared me for the job I have now.

I conduct an induction program for new employees. The purpose is to help new employees adjust themselves to the work environment. I tell them about the details of the work areas to which they will be assigned. Also, I cover the basic information on hours of work, overtime, wages, the annual vacation shutdown, employee benefits and so on.

For employees who will work on control products I give a training course that begins with handling basic tools, includes training in how to read drawings, and ends with the elements of mechanical assembly—things to help them cope with the job.

I have a classroom where I train eight employees at a time, some 60 a month. Then I follow up with people to make sure they have help in meeting adjustment problems. Since the training started, I have seen much improvement among people in the plant.

Mrs. Catherine van Oudtshoorn is of Afrikaans heritage from the Orange Free State. At SAGE she is supervisor of the housewares assembly lines.

I started at SAGE as an operator on the assembly line and was promoted first to be assistant supervisor and then supervisor. On my team of 32 people you'll see whites, Coloreds and blacks working very smoothly together. It's a very productive team, with little turnover in personnel. Most of the people in my operation have been here for five to ten years. One reason is that each individual is given a share of the responsibilities. Everybody on the team knows every job, so we can move around and keep from getting bored. I make a

point of giving the best worker the promotion to a better job. And basically there's the realization that everyone is getting fair treatment here.

Michael Moloedi is one of the SAGE employees who has moved up to a salaried clerical position.

I started work for SAGE in 1965 as a lorry driver, making deliveries. The paper forms frequently had mistakes in them, which I called to the attention of my supervisor. He gave me the chance to check the copper storage room in the plant. I think he was sort of testing me. I went through the storage bin cards and found many mistakes. When I went back to report to the supervisor, he took me off the truck and made me a storeman. Ultimately, I was put in charge of all the drawing and dispatch of magnet wire stores.

I supervise the work of stores assistants and the store-room record-keeping. Opportunities are being given out to Africans. We would like to see more.

William Mkhonto is one of eleven Team Leaders selected at SAGE.

I came with SAGE in 1961 and started work as an operator on the washing-machine line. I received on-the-job training there and became a tester, as I am today. All these years I think somebody was looking after me. I am interested in what I am doing and I make sure that what I am doing is right—I try to be responsible—that is why I think I was picked to be a Team Leader. As a Team Leader I help the supervisor. I try to see things he might not see—things that could become problems. The other way around, I try to help the people on my team. If somebody doesn't understand about his job, I try to tell him. I am very much pleased with my work here.



Catherine van Oudtshoorn



Michael Moloedi



William Mkhonto



A talk in Daveyton

Peter Dabula is Secretary of the Urban Council of Daveyton, the community from which South African General Electric draws a high percentage of its black employees. A graduate of St. Peters Anglican College, he started work with the Pathfinder, or Boy Scout movement for black youths in South Africa, and served on Benoni native advisory boards before taking his present position in 1963.

Daveyton was established in 1955 and has developed, shall I say, under my eyes. Buildings came up very fast, and people who came from squatters' camps were able to have their own homes. Our present population is a little over 73,000. We have 23 schools, including a high school which offers a pre-university entrance course. We also have a creche, or nursery, which can accommodate 400 children of working mothers. We have a small library and recreational facilities that include two sports stadiums. One is purely for soccer; the other is what we call a multi-purpose stadium. Also here at Daveyton we have facilities for tennis and a nearly completed 18-hole golf course.

The houses are modest—the choice is one bedroom or two. But we have a long waiting list. Rental charges are low—five-Rand-seventy per month for the bigger house (equivalent to about \$8) and five-twenty for the smaller. Twenty percent of these rentals is used for the erection and maintenance of schools in the township.

Our greatest need is more school facilities. The Lion's Club of Benoni has recently offered help that would allow us to build a school for teachers, another secondary school or an additional creche. It is a hard choice. We need all three.

Our Daveyton Urban Council has visited the GE facilities. We were very much impressed by what we learned, by what has been done for the employees there by the company. We were told of the benefits they give and thought the standard was high. The training in skills is a very good thing, because it not only helps production but it also helps these people who develop skills to get a little more into their pockets and to enhance their own positions.

To have overseas firms such as SAGE leave this country would be tragic for our people. They should be encouraged to stay and carry on the good work that they are doing here.

Peter Dabula looks over scenes at Daveyton that include a nursery for children of working mothers, the town's library and the home of one of many SAGE employees who live there.



Corporate Briefs

GE share owners meet

DENVER, COLO.—A total of 85% of General Electric's outstanding shares was represented at the Company's 81st Statutory Meeting held here on April 25. In opening the business session, Chairman of the Board Reginald H. Jones expressed his appreciation to the thousands of share owners who sent in their proxies.

Action taken at the meeting included the election of the 19 Directors nominated by management in the 1973 Proxy Statement, and the approval of management's proposals for the appointment of Peat, Marwick, Mitchell & Co., as independent public accountants for the ensuing year, and for a new five-year stock option plan.

The five share owner proposals that were listed in the Company's 1973 Proxy Statement were all rejected by at least 97.7% of the shares voted on them.

The proposal to require a report on production and research in support of military action in Southeast Asia received a favorable vote of 1.4% of the votes cast as did the proposal suggesting the establishment of a Committee on Economic Conversion.

Two other share owner proposals received a favorable vote of 1.8% of the votes cast.

The proposal calling for extensive detailed information about the Company's activities in South Africa received a favorable vote of 2.3% of the shares voted. The Board of Directors, in recommending a vote against this proposal in the Proxy Statement, indicated that the Company was planning to make a special report to share owners on its operations as part of an issue of the *GE Investor*. This report begins on page 14 of this issue.

Also, much of the discussion at the meeting touched on aspects of corporate social responsibility, including the provision of greater opportunities for minorities and women. This *Investor* reports on the Company's commitments in these areas, discusses some of the progress made and its plans to meet the challenges that remain.

Directors on the move

BLOOMINGTON, ILL.—Following a meeting with key customers in St. Louis the day before, all 19 General Electric Directors made a one-day visit to this central Illinois city on April 27 to see firsthand the Company's General Purpose Control Department facilities and to hear business reports on the entire Industrial Group. This was the latest in a continuing series of such field trips by the Board to inform themselves about GE people, facilities and operations.

What the Directors saw in Bloomington was a model of manufacturing efficiency that has earned for General Electric a leadership role in supplying industry with more than 10,000 different kinds of control products. Nearly three-fourths of the Department's sales today are for products developed or redesigned since 1960, and

Directors saw on their tour the Department's Product Development Laboratory (top photo below) and its High Current Test Laboratory where efforts aimed at product leadership are being carried forward today.

Among the new products on display (bottom photo) were an uninterruptible power system that provides standby power for computers, navigational systems and other equipment where continuous power supply is critical, and Logitrol,® industry's newest and most sophisticated programmable controller for machine tools.

As to the future, Robert B. Kurtz, Vice President and Group Executive of the Industrial Group, told the Directors that "What you have seen here today is typical of the great strengths possessed across the Industrial Group. The outlook for the Group is encouraging, and we are planning for solid growth in both sales and profits."



Negotiations: tentative agreement reached

NEW YORK, N.Y.—Tentative agreement, subject to ratification, was reached here June 7 on new contracts between the General Electric Company and two unions: the International Union of Electrical Workers (IUE-AFL-CIO), representing about 85,000 GE employees, and the United Electrical Workers (UE), representing about 17,000.

Under terms of the agreement, which will run for 37 months, GE employees can receive pay increases totaling 88 cents per hour.

The initial pay increase will be 25 cents per hour, retroactive to May 28, 1973. Included in the 25 cents will be a 10 cents cost-of-living adjustment. Another five cents in cost-of-living will be payable on November 26, 1973, bringing the first-year wage increase to 30 cents.

There will be a second-year general wage increase of 16 cents on May 27, 1974, plus up to 14 cents cost-of-living increase, with 10 cents guaranteed, on November 25, 1974, adding up to as much as 30 cents for the year.

The third-year general wage increase will be 16 cents on May 26, 1975, plus up to 12 cents in cost-of-living on November 24, 1975, depending upon the rise in the National Consumer Price Index (base 1967=100). The cost-of-living formula to be applied is the same as under the present contract.

The new pact calls for substantial benefit plan improvements including full retirement at age 62 instead of 65 for those who wish to retire early; 2½ weeks vacation after five years of service and five weeks of vacation after 25 years of service; another paid holiday; and extension of paid sick time for hourly employees so they can get two days after one year of service.

In addition to IUE and UE, General Electric bargains on a plant-by-plant basis with a dozen other unions representing about 35,000 employees. Negotiations are continuing with these unions and are expected to be concluded peacefully.

John R. Baldwin, GE's chief negotiator, termed the settlements "good, competitive agreements which reflect a balance between employee equity and business needs." He said the "final agreements represent nine weeks of hard but constructive bargaining on both sides of the table."

Five tasks for 'Century Two'

DALLAS, TEXAS—An action plan by which the electrical industry can continue its historic growth rate while safeguarding the environment was presented here by General Electric's Chairman of the Board to the 1973 annual convention of the Edison Electric Institute.

Chairman Jones took note that the U.S. is entering its "Second Electrical Century." The first began in the 1870's. Since that time the industry has sustained a power generation growth curve of

about 7½ % a year compounded. This means that the industry has doubled, on the average, every decade.

For the industry to maintain its historic rate of growth during the Second Electrical Century, now beginning, the Chairman foresees the need for success in five basic tasks:

1. Tackle the barrier problems of environmental pollution and fuel shortages.
2. Develop new and expanded uses of electricity, demonstrating how electricity helps to solve many of today's most urgent problems.
3. Battle inflation of utility costs with more efficient and reliable ways to generate and deliver electric power.
4. Fight for government policies at all levels that support this electrical approach to energy abundance and clean environment.
5. Win public support for this vision of the electrical future, along with policies and capital needed to get there.

New environmental boost

SCHENECTADY, N.Y.—As a result of some unusual teamwork, even the "dirtiest" coal is expected to provide environmentally clean fuel to operate General Electric power generation equipment.

Sharing in this new program are GE's Gas Turbine Products Division and Lurgi Mineraloeltechnik GMBH of West Germany.

Lurgi has developed a commercially proven process by which clean gas can be derived from coal. The combustion systems of GE gas turbines are being modified to permit burning the low heating value gas produced by the Lurgi gasification system.

The combination of GE gas and steam turbines achieves combined-cycle generation efficiencies which are in the range of the best conventional steam plants available today, and requires only about half the cooling water.

General Electric will thus offer customers complete coal-to-electrical energy conversion system equipment with high efficiencies and low environmental impact.

The development takes on added significance in view of present U.S. energy needs. By using abundant U.S. coal resources in an ecologically acceptable manner, the GE-Lurgi system will help to minimize reliance on uncertain and costly foreign sources of energy.

International Performance to be repeated

NEW YORK, N.Y.—The Public Broadcasting Service has announced that "International Performance," which is underwritten by a grant from General Electric, will be repeated in its entirety beginning June 5. This popular television series of world-famous ballets, operas and concerts will be telecast nationally on Tuesday evenings at 9:00 p.m. Eastern Daylight Time. Please consult your local television listing for exact time and channel in your community.

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wash cycle;

Automatic Dryers with a special Permanent-Press/
Poly-Knit setting that will rotate drum without heat for
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wrinkling;

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INVESTOR

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This issue of the *GE Investor* introduces a new General Electric timeline: **Progress for People.** This new line will be used widely in Company communications, on television, in magazines and other media.

The new timeline is, in a sense, the sum of the Company's long-time slogan, *Progress is Our Most Important Product*, and our most recent timeline *Men Helping Man*. The former made progress synonymous with GE; the latter expressed the Company's concern with social responsibility.

Progress for People will have broad applicability throughout the Company for reporting research and development advances, important product innovations and socially significant actions.

On the following two pages is the first in a new series of corporate magazine advertisements to use the timeline.

Reg Jones (continued from page 3)

Nixon: This concern is becoming more apparent through GE's championing of a national effort to attract minority youth into technical and financial careers.

Jones: It would be difficult to find an undertaking with greater long-term importance to industry. I stated the problem at our share owners' meeting in Denver: minority people and women aren't appearing in proportionate numbers in the managerial and professional ranks of industry because their numbers at the supply end are disproportionately low. A technological company like General Electric is particularly dependent on technical and financial career professionals to produce a high percentage of its top managers. Our best intentions for minorities and women are frustrated when only 1% of engineering graduates are black and 1% are women. We've got to increase these percentages many-fold. I place a high priority on our current efforts to stimulate action on this front by government, education and minority leadership as well as industry.

Toner: One other point we need to emphasize is that we don't regard equal opportunity programs as only a domestic U.S. concern and objective. They apply worldwide. My own review of the operations of our South African affiliate and my conversations with black leaders and employees there, as an example, confirmed for me that GE leadership was essential to positive change. The black people welcome our presence because they know we have opened up job opportunities and helped raise their standard of living. And for ourselves we've found that, given the right training, black employees make a major contribution to business results.

Jones: It's fair to say, in summary, that we in General Electric look to a time when our affirmative action programs will help to bring about a truly open society in which race and sex play no part in limiting each individual's self-fulfillment. It's our goal in the U.S. It's our goal worldwide.

Appliance Park-East (continued from page 6)

their background as a stepping stone to college rather than to the factory.

The next most challenging area for Appliance Park-East, Dillon feels, is in upward mobility for women. Although more than a quarter of the employees are women, fewer than that number are in supervisory, professional and high-skill non-clerical posts.

To offset this imbalance, Appliance Park-East has implemented an affirmative action program to bring women into the supervisory selection process. Recruiting has been initiated at women's colleges in the area, and women's organizations in both Baltimore and Washington have been asked to recommend women interested in industrial careers.

Dave Dillon is convinced that the intensified effort now underway will open up greater opportunities for women as Appliance Park-East continues to expand.

Don Lynch is convinced, too, that Appliance Park-East's businesslike approach to the equal opportunity challenge—with realistic, formalized objectives and specific plans for implementation—is the most feasible method for attaining equality on the job.

—Keith H. Crandell

Prairie View (continued from page 13)

announcements give wider dissemination to the message.

- Prairie View faculty members, alumni and students visit Texas high schools to talk with promising students and distribute brochures.
- In a one-to-one tutoring program, Project Intercept pairs high-ability engineering students with students who need assistance.
- A summertime Engineering Concepts Institute will help students sharpen their oral, written and mathematics skill.

Although the Mainstream program has been in operation for less than a year, some indicators of its success are already emerging:

The first-semester honor roll lists 48 engineering students (up 20% in the last year alone), the withdrawal of students from the engineering school has declined, the number of students making use of the Project Intercept tutoring service is steadily increasing and, perhaps most heartening of all, the school projects a fall enrollment of 175 new students—a 75% increase over the current year's freshman engineering class.

Every minute,
someone dies of
heart disease.

General Electric is doing
something about it.

GE is fighting heart disease with new technology. With new techniques for earlier diagnosis of heart trouble. With new ways to watch over heart-attack patients in the crucial first hours. With new equipment for heart surgery never before possible.

Last year, more than 650,000 men, women and children died of a heart attack.

Many of them, suddenly. Without warning.

Thousands could have been saved. If the disease had been diagnosed in time. If they had been helped in time.

General Electric is fighting heart disease with new technology for earlier, more accurate diagnosis. And safer surgery.

Earlier diagnosis.

The sooner a doctor can diagnose

heart trouble, the better the chance of survival.

GE has developed a high-speed X-ray camera that takes movies of the heart in action.

One thing that makes this camera possible is a technology pioneered by GE called image intensification. It allows the doctor to take sharp, clear X-ray movies using small amounts of radiation.



**Second-by-second watch
over heart-attack patients.**

The first few hours after a heart attack are the most crucial. GE has developed a new patient monitoring system that allows a nurse to keep second-by-second watch on all her patients. This system not only measures slight changes in a patient's condition, but it also can detect trends that could lead to trouble.

It gives a medical team time to *prevent* deterioration in a patient's condition before it happens. It's estimated that coronary monitoring equipment improves a heart patient's chance of survival by about 30%.

More time for surgery.

The invention of the heart-lung machine made it possible for doctors to operate on the heart for the first time.

Now GE has developed a new device for heart-lung machines that gives doctors hours longer to operate. It gives them time never before possible to perform more complex heart surgery.

These are some of the ways GE is fighting heart disease.

It's the biggest killer in America today. General Electric is working to make it smaller.

Progress for People.

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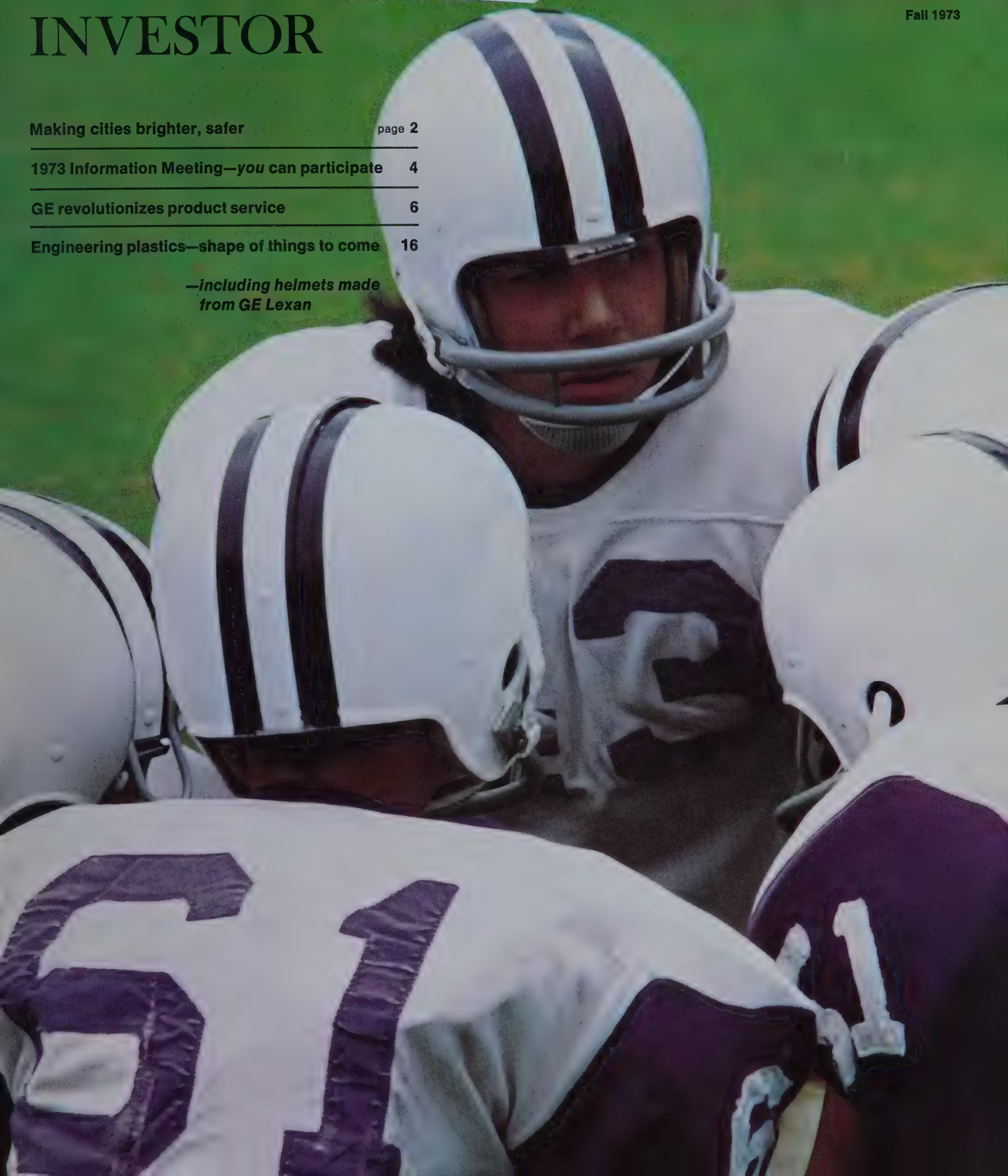
Making cities brighter, safer page 2

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GE revolutionizes product service 6

Engineering plastics—shape of things to come 16

*—including helmets made
from GE Lexan*



Making cities brighter, safer

It's happening all over New York, Eastside and Westside, from the Battery to the Bronx: formerly dark and dingy streets are being metamorphosed into thoroughfares gleaming bright and golden with high-pressure sodium Lucalox lighting from General Electric.

So many streets are undergoing this renovation, in fact, that if they were laid out end to end the corridor of light would stretch from Times Square into Missouri.

It's all part of the biggest streetlighting program ever undertaken, a \$15 million project calling for the installation of some 50,000 GE luminaires, most of them containing 400-watt Lucalox lamps, along 1,200 miles of New York City streets. All major arteries, most commercial areas and mass transportation routes, as well as the perimeters of housing projects, hospitals, schools and parks are included in the program. What's more, if present hopes materialize, the city's entire network of streets, all 6,000 miles of them, will be high-pressure sodium lighted within five years.

The benefits derived from efficient Lucalox lighting systems—which provide twice as much illumination from approximately the same amount of energy as mercury vapor—are manifold. Not only is the urban nightscape enhanced and made more inviting, but brighter streets help increase safety and curb crime.

As put by Mayor John Lindsay in announcing the relighting program: "I believe there is no other single step we can take which will give the public a sense of security in the streets as this lighting program."

How Lucalox lighting can help in the reduction of crime had already been demonstrated in Washington, D.C., where street crimes in areas that had been relighted dropped 35%. Scores of cities from Newark to Los Angeles and from Seattle to Miami have taken note and are now using Lucalox lamps to relight their streets and highways, bridges, parking lots and industrial parks.

Offshore, too, high-pressure sodium lighting systems, introduced by General Electric in 1965, are dressing up such urban centers as Bogotá, Buenos Aires, Madrid and Singapore, floodlighting world-famous monuments and buildings for nighttime enjoyment—Paris's Arch of Triumph, as an example—and illuminating libraries, lobbies of buildings, sport arenas and gymnasiums.

If the Lucalox lighting business is booming now, its future would appear even brighter than the product itself. Says Philip R. Milroy, general manager of GE's Lighting Systems Business Department:

"In the last year alone the total market has doubled—from \$10 million to \$20 million—and today high-pressure sodium related equipment accounts for 6% of all streetlighting in this country. By 1980, we expect that it may account for more than 50%. The potential market is just out of this world."

Lucalox® lighting systems help make city streets brighter and safer, encouraging nighttime attendance at such entertainment complexes as New York's Lincoln Center. Glittering gemlike at the right is the Metropolitan Opera House, illuminated throughout by thousands of General Electric lamps in a variety of elaborate lighting systems, including specially designed stage lighting and the majestic crystal chandeliers in the auditorium and 96-foot-high main lobby.





PHOTO BY ARTHUR D'ARAZIEN

In Brief: a new way for all share owners to participate in the Information Meeting



The wide range of written questions on General Electric's operations submitted at the yearly Information Meeting give the Company's directors and managers a valuable perspective on the concerns and interests of the share owners attending. To increase participation in this important part of the Information Meeting, and to give the Board and management a broader indication of share owners' current concerns and interests, you are invited to submit questions whether or not you can attend.

If you have questions you would like General Electric's top officers to answer at the meeting, please fill out the return-address postcard bound into this *Investor* and send it in. All questions submitted will be classified by subject and, to the extent that time permits, those questions of general interest asked most frequently will be answered.

Providing these Information Meeting question cards is an extension of the Company's program to encourage share owners who have questions for management to write any time of the year to Investor Relations, General Electric Company, 570 Lexington Avenue, New York, N.Y. 10022. The Investor Relations staff provides prompt personal replies and also makes sure that share owner comments are made known to the appropriate members of management. **For share owners able to attend**, Chicago, Ill., is the site of the 1973 Information Meeting. Scheduled to begin at 9:30 a.m. and adjourn at noon on October 23, it will be held in the Arie Crown Theater of McCormick Place On-The-Lake, 2300 South Lake Shore Drive.

The Information Meeting is one of two meetings the Company conducts annually for share owners; the other is the Statutory Meeting in April. Those attending in Chicago will hear reports on GE businesses by members of the Corporate Executive Office, headed by Chairman of the Board Reginald H. Jones. Also on hand will be the other members of the Company's Board of Directors, who will fly directly to Chicago from Louisville, Ky., where they are slated to take part in a business review of the Major Appliance Group.

Share owners attending the Information Meeting in person may turn in their question cards either at the entrance to the theater or during the course of the meeting.

The Arie Crown Theater is the centerpiece of a handsome glass and steel structure replacing the McCormick Place exposition center destroyed by fire in 1967. It commands a sweeping view of Lake Michigan. Those who attend the meeting by car will have ample underground parking facilities. A variety of public transportation and taxi service is also available.

A summary report on the proceedings of the meeting will appear in the winter issue of the General Electric *Investor*.

Share Owner's Question Card for the 1973 Information Meeting

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Chairman Jones sees U.S. in 'ironic' situation regarding international firms

As a recent guest commentator for Columnist Victor Riesel, GE's Chairman of the Board Reginald H. Jones took up the question of the adjustments the U.S. must make in the light of the nation's loss of dominance in world markets.

With Europe and Japan now fully competitive with the U.S., the country has entered a period of transition which the General Electric Chairman sees as "marked by many upsetting circumstances—reversal of our balance of trade, industries hurt by foreign competition and gyrating currencies." It is only natural, he observed, "that public opinion should be divided about our response to this situation."

He declared his position bluntly: "I disagree with those who urge protectionism, with policies that would try to protect U.S. jobs by limiting international trade and investment. The 'beggar-thy-neighbor' policies of protectionism are self-defeating. Their impact would be to feed the fire of inflation at home and cut down our ability to sell American goods abroad."

Instead, he argued, "I would urge expansionist policies that build U.S. employment and economic vitality by helping U.S. companies to become more competitive on the world scene. We should try to reduce or eliminate the barriers to free, fair trade and investment, in all the markets of the world."

One of the country's remaining strengths in worldwide economic competition, he stressed, "is the American firm that operates on a world scale, with factories and sales outlets in many countries. Because of their presence in many nations of the world, these companies are a primary sales channel for the output of American industry. Their plants overseas were built primarily to serve overseas markets, and are a great asset in the host countries. But the income that flows back to the United States is an important contributor to the U.S. balance of payments. And where product lines can no longer be made in the U.S. at competitive levels of cost, their overseas plants enable them to meet the competition of Japanese and other foreign companies selling here in the United States."

General Electric's Chairman termed it "ironic" that at this time, "just when we need our international companies to meet intensified worldwide economic competition and help solve the nation's balance of payments and monetary problems, they are under attack by the protectionist critics. A battle is shaping up in Congress as to whether such firms should be subjected to tax penalties and regulations which will, in effect, discourage their overseas expansion."

The familiar charge that these companies are, through their overseas operations, causing unemployment in the U.S. "just does not hold water," he said, adding:

"For example, we know that 20,000 General Electric jobs here in

the U.S. derive directly from our worldwide operations, including \$894 million worth of products exported from our U.S. factories last year, and about 20,000 more jobs among our U.S. suppliers, distributors and retailers depend on our serving worldwide markets."

Characterizing General Electric as "a company with deep roots in the U.S. economy (87% of our investment is in the U.S.)," he nevertheless emphasized the "substantial net favorable contribution to the U.S. balance of payments" made by GE international transactions. "The Company's favorable merchandise trade balance (excess of exports over imports) for the five years 1968 through 1972," he said, "amounts to \$2.1 billion. Add about \$325 million in dividends, interest, royalties and payments from international sources, and you find that this one firm contributed almost two and a half billion dollars to the U.S. balance of payments since 1968."

Summing up his case-in-brief for international enterprises, the GE Chairman commented: "The critics who want to penalize U.S. companies who compete on the world scene seem to forget that there are powerful Japanese and European multinational firms, strongly encouraged by their national governments."

He ended his guest column with the question: "Is this any time to be crippling our best instruments in worldwide competition—the American firms that have learned to compete effectively in the markets of the world?"

New GE exhibit planned for Disney World

GE's "Carousel of Progress" exhibit, seen by 45 million visitors at New York's World's Fair and at Disneyland, will begin playing to a new audience late in 1974 at Walt Disney World in Orlando, Florida. The Carousel will use life-like audio-animatronic characters to depict how electricity has improved the quality of life in the home.

GE Theater returns

General Electric Theater returns on CBS TV on December 18th, with "I Heard The Owl Cry My Name." It will be produced by General Electric's entertainment affiliate, Tomorrow Entertainment Inc.

The story concerns a young priest who, unaware he has only a short time to live, is sent to a remote Canadian Indian village by his bishop. There he gradually realizes that death is near. By the time "the owl has called his name," the Indians have shown him that death, like life, is beautiful and ugly, full of both pain and joy.

General Electric Theater, which replaces the GE Monogram Series of documentaries, will emphasize strong dramatic entertainment and will include programs that illuminate, through drama, contemporary events and help bring a better understanding of our times.

GE's Service Revolution: turning service into profitable worldwide businesses

The services sector, fastest-growing segment of the U.S. economy, includes the diversity of activities involved in product installation, maintenance and repair. General Electric's most familiar entries in this sector are its appliance, TV and housewares service businesses. In addition, the Company conducts two large and growing industrial service operations—the Installation and Service Engineering Department (I&SE) and the Apparatus Service Division.

Together they form the largest service organization for capital equipment in the world, employing over 7,000 people at 260 locations worldwide.

For 50,000 customers, the importance of these closely linked General Electric organizations is service that meets their changing needs—whether those needs are for expert help in training new cadres of capital-equipment operators, for maintenance programs that prevent breakdowns rather than only responding to them after they happen, or for a broadening capability that extends beyond purely electrical and GE products to service on other types of products and mechanical equipment.

For General Electric's share owners, there is still another aspect to the quiet revolution that GE service has been undergoing: GE



To gain a full view of General Electric service businesses today requires a round-the-world journey. Start in the U.S. with one of over 100 GE Apparatus Service Shops such as that in Houston, shown above, serving a U.S. market for industrial and utility installation and service that has quintupled in the last ten years.



Make a stop at Whyalla shipyards in Australia, where GE service engineers install GE gas turbines to propel two roll-on/roll-off marine transports being built for Broken Hill Pty., Ltd.

In Japan, GE Technical Services Company, Inc., (GETSCO) has the challenge of installing control room of Tokyo Electric's new 1,100-mw Fukushima nuclear power station.





service operations are now run as separate, profit-making businesses. Today both GE Service Shops and I&SE districts operate as profit centers.

In recent years General Electric has been demonstrating that this approach—regarding service as a business—is better for customers as well as share owners.

"The big difference is incentive," says Peter C. Van Dyck, vice president and general manager of the Apparatus Service Division. "When alert managerial teams are given the chance to develop product service as a business opportunity, everyone benefits. Customers receive greater attention, better facil-

ities and new ideas. And share owners see earnings enhanced."

Another change that has been helping to revitalize GE'S industrial service is that of preventive maintenance.

Several years ago, recalls C. C. Thomas, I&SE general manager, "the primary job of GE service operations was to help industry and utilities get their equipment working again when something went wrong. We were the fix-it-boys."

Today, though, he observes, "we see our primary job as not only responding to emergency phone calls but preventing them. What the customer really wants is for nothing



And in South Africa, GE has majority ownership of the Reid and Mitchell service facility. The service shop in Johannesburg is equipped to handle repairs of products as large as locomotives and powerful electric motors for mining operations.



But a strong GE service emphasis in South Africa, as elsewhere, is to ward off trouble by means of planned maintenance programs—a service function made increasingly important by the need to keep high-investment plants running at peak efficiency. For new Iscor steel mill, GE engineers oversaw installation of drives and controls and helped plan intensive maintenance program.

GE's Service Revolution *(continued)*

to go wrong. If, say, a mill is shut down it can become a \$50,000-a-day nightmare. So the customer's main interest is in having the mill properly designed, installed and maintained."

And that's where GE's industrial service businesses enter the picture.

I&SE's services range from conducting training seminars for customers' maintenance staffs to providing complete installation and maintenance engineering management. I&SE's know-how is applied primarily to GE products and systems.

Apparatus Service Division operates more than 100 maintenance centers. A primary mission of these service shops is to assure

GE industrial product users of a ready availability of maintenance and repair skills. They also work on non-GE electrical and mechanical equipment.

In recent years, both of these service businesses have been growing enormously (doubling every five years is one benchmark; growing five times faster than the Gross National Product is another), while both have remained profitable.

Looking back, GE service management sees the timing, in the late '50's, of GE's progressive service approach as giving the Company an edge in what is now a highly competitive business. Two important business trends

crossed paths, leading to the emergence of industrial product services as successful, independent business entities.

One trend was the increasing emphasis on professional management, which in General Electric took the form of decentralization. In the process of corporate reorganization, Company service activities were established as decentralized business components and their managers were encouraged to seek service business at a profit.

The move was timely, for it coincided with the second trend, the growth in size and sophistication of the world's industrial manufacturing and power generation facilities.



GE service all across the country is helping industry minimize the costs of lost production caused by equipment breakdowns. Reducing the time it takes to install or service equipment translates directly into customers' costs and earnings. Above, GE drives for new automated steel mill, where avoidance of "down-time" is crucial to financial success.



GE's Technical Services Co., Inc., (GETSCO) handles overseas installation and engineering work, prides itself on quick responses to emergency needs. When fast-growing city of Riyadh, capital of Saudi Arabia, faced an energy crisis in 1972, GETSCO engineers installed a complete 15,000-kw gas turbine power plant in just seven months. Early this year, GETSCO engineers installed a smaller industrial gas turbine at a petrochemical complex in Puerto Rico in just one month, a feat without precedent in the industry.



Formerly, when a piece of equipment needed service, the usual course was to transport it to a service shop. Today, instead, GE service often goes to the customer's plant. Recently, at a major plant of a Pittsburgh customer, 80 GE technicians moved in to overhaul every important piece of equipment in the plant during a 25-day plant shutdown. When necessary, Apparatus Service can marshal men from several shops to meet special needs.

Many companies found it imperative to turn to outside service and to institute preventive service methods.

"Now, the emergency response phase of our service engineering business is rapidly declining," Thomas says, "while the service management phase is growing."

Looking ahead, management sees the world beyond the U.S. as a primary growth area. Committed, as they are, to service for their customers wherever they may be, and with 16 percent of GE sales now coming from abroad, General Electric's industrial service operations are building their international service capability rapidly.



World transportation systems rely heavily on GE service capability. General Electric is largest manufacturer of marine steam propulsion systems, such as one installed by GE service engineers on Mobil oil tanker at shipyard in Sasebo, Japan. Above: main control room of huge tanker, with GE throttle control. At right: locomotive service area of GE service shop in Houston, Texas. GE shops now maintain the mechanical as well as the electrical portions of locomotives.



GE's Service Revolution: putting the accent on talent

At the heart of GE's revolutionizing of service is a heightened emphasis on talented people. GE service operations make it their business to attract and train the types of people customers can depend on.

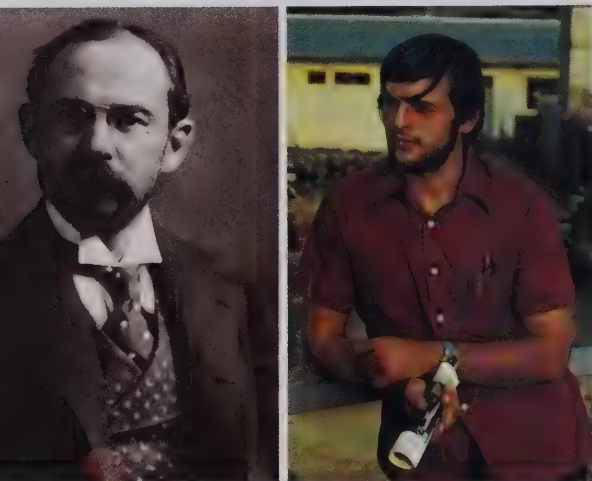
Capable young go-getters.

Soundly trained engineers and other technical specialists.

Managerial talents seeking opportunity to develop businesses that are successful through serving customers effectively.

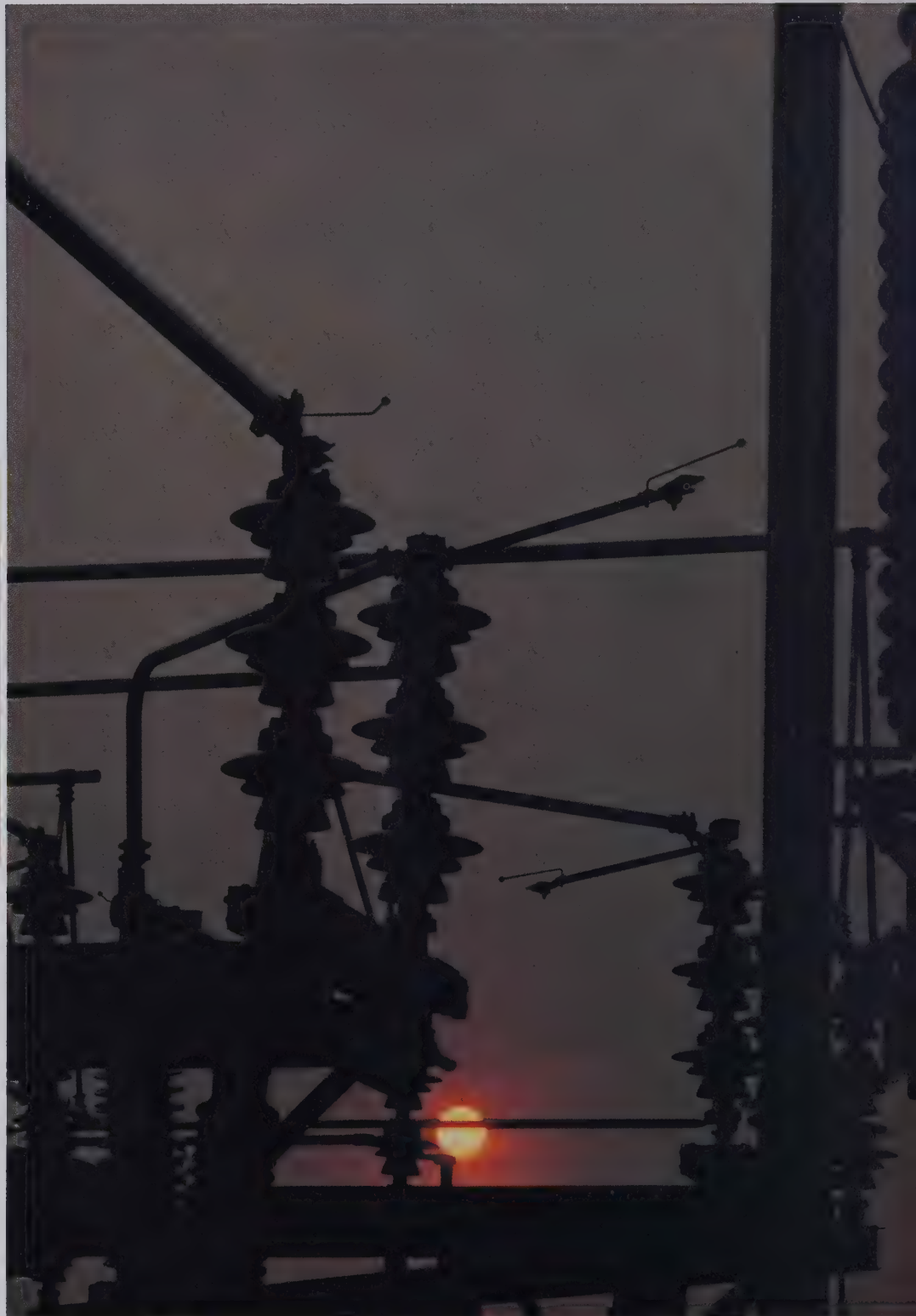
They're all there in force today as GE's service spreads out across the world.

In the jungles of Sumatra, for example, a young engineer from Michigan named Bill



Product service requires a rare breed of engineers, technicians. Dr. Edwin Rice, left, first service expert, became GE President. Today's service expert must work on his own, often at remote sites. In Sumatra jungles, Bill Lynn, right, oversees GE gas turbine installation.

Right, result of Bill Lynn's work: Power for major Far East oil field, which will supply Indonesia, Japan, U.S.



Lynn is overseeing the installation of two gas turbines at the Minias oil field of Caltex, on behalf of GE's Installation and Service Engineering Department.

In Saigon, a recent mission for Apparatus Service's Tom Ball was to hand-scrape a defective part inside a Vietnam Power Company steam turbine to get it back into use to meet the city's power needs. Tom journeyed from his usual spot in the Albany, N. Y., service shop to oversee the task.

Highly trained people like Bill Lynn and Tom Ball give General Electric its competitive service edge. In GE's view, the customer who's concerned about keeping his multi-

million-dollar plant operating at peak efficiency wants the best service people he can find. So GE's service businesses seek out and train the best.

Old hands at I&SE are fond of citing a promising lad named Ed Rice as GE's first service engineer. In the 1880's, Rice strode the streets of the nation's more progressive cities, tending the new arc lamps made by the Thomson-Houston Company, a forerunner of GE. Rice bore the imposing and official title of "expert." Years later, he bore an even more imposing title: President of the General Electric Company.

As in Ed Rice's day, expertise is the stock

in trade of GE's service businesses. Brainpower and skills are the pre-eminent offerings of these businesses.

I&SE has a vast reservoir of professional technical talent. Its staff of more than 3,000 men and women includes not only electrical and mechanical engineers, but a growing number of physicists, radiologists and biologists to meet new service needs.

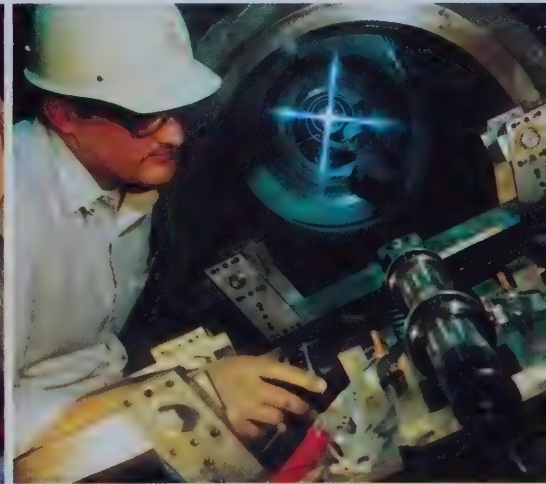
As the world's largest product service organization, Apparatus Service employs more than 5,000 skilled technicians at shops in virtually every significant industrial center in the U.S. and a growing number of locations overseas.



Familiarizing customers with use of GE equipment is major task of GE installation and service engineers. Above, GE engineers and members of staff of Tokyo Electric Power Company discuss operations of Fukushima nuclear power plant. GE service businesses conduct formal training sessions for customer plant maintenance and operating staffs.



GE is intensifying its training efforts for customers and its own service staffs. Each of the 200 engineering graduates annually recruited by the Company's Installation and Service Engineering Department undergoes 20 weeks of classroom training on GE equipment and service techniques. Apparatus Service spends up to \$1 million each year to train 600 new technicians.



Industry's most modern tools are required for today's service. Above, GE service engineers use laser beam for precise alignment of turbine shaft. Formerly, engineers aligned turbine shaft along taut wire similar to that used in pianos. Use of laser has cut alignment time in half while improving precision.

GE's Service Revolution: making service a growth business—worldwide

When the barren wasteland of Northwest Australia was suddenly transformed into one of the Far East's great mineral resources in the mid-1960's, GE did a booming business. And so did Fred Tulk.

GE's huge electric wheels powered the great trucks that moved iron ore from pit to rail siding. GE diesel-electric locomotives hauled mile-long trains to new seaports. GE motors drove everything from oil-rigs to power coal shovels.

Fred Tulk had begun a product service business in a backyard shed in 1957. By the time of the boom, he had a small, highly regarded shop in Perth, on Australia's west

coast. In 1965, the business at his little shop doubled. In 1966, it doubled again. He expanded, took on more people. Still the business kept coming.

The wheels particularly. They require overhauling every two years. And suddenly, the region's electric wheel population had grown from zero to 250, an overwhelming challenge for Fred Tulk.

Tulk's need to expand, and GE's need for expanded service, brought them together.

Fred Tulk and General Electric's Apparatus Service Division are now in business as a team, providing expanded services to Australian customers.

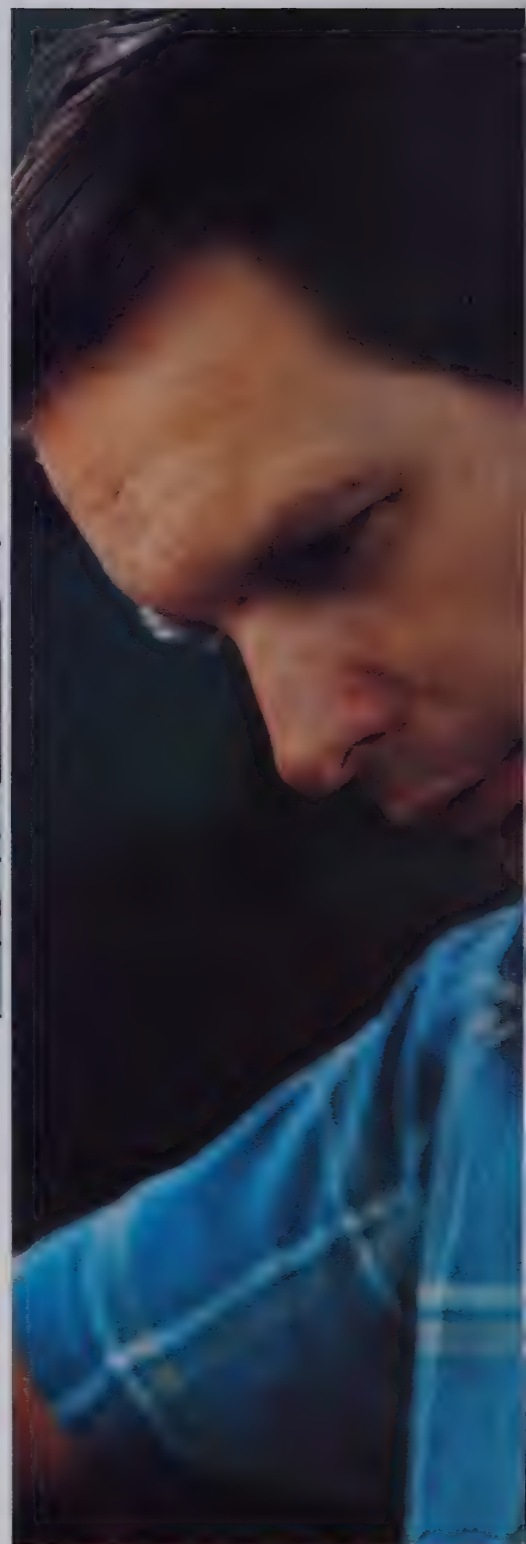


In U.S., GE Apparatus Service business has expanded shops into virtually every area in which there is heavy industrial concentration. Above, turbine rotor analysis at Houston Service Shop. GE plans continued expansion of domestic service facilities as required by new industrial growth. Some new shops will specialize, others will take on full-range of GE service activities.



GE is expanding its network of service shops serving international customers, in line with the expansion of GE world equipment sales. Many shops will be under aegis of GE affiliates.

GE-Portugal, for instance, has contract to service drives on huge dockside cranes on Lisbon piers. In background at Lisbon: Queen Elizabeth II.





Since then, the Fred Tulk-GE operation has tripled in size. General Electric has rushed in expertise and parts needed to cope with the boom.

The move made sense for:

- GE's customers—the truck builders and the mining industry itself;
- GE product businesses, which can now promise full service capability;
- Australian GE Ltd., which regards the operation as a promising investment;
- And for Fred Tulk, who is contemplating still further expansion.

The Tulk venture typifies GE's customer service worldwide.



To meet booming world needs for service, General Electric is entering into joint ventures with established service organizations. Fred Tulk, left, of Perth, Australia, is one service businessman who has linked up with GE.

Association of Tulk and General Electric is helping GE meet customer obligations in Western Australia. The region's mining boom required a sudden surge in use of GE electric wheels to power giant trucks (above). F. R. Tulk Company Pty., Ltd. conducts planned maintenance on the wheels.

I&SE once relied primarily on U.S. -based engineers for world service. Now, operating through GE Technical Services Company, Inc., a General Electric affiliate, I&SE has built an international engineering staff of several hundred. And GETSCO engineers abroad can still draw on the total U.S. engineering resources of I&SE.

General Electric's Apparatus Service Division plans to add to its customer service capability around the world as customer needs grow, either by investing in existing shops or by building from the ground up, as with the newest shop under construction in Bahrain in the Arabian Gulf.



At the Tulk shop in Perth, major plant expansion has followed General Electric's entry into the business. Tulk-GE today has three times the service capacity of the firm's former shop.

GE's Service Revolution: proving that service sells

Revitalize service operations as profit centers...staff them with talented people...give them a worldwide perspective...and one more thing happens: service becomes a key asset in bringing in new sales.

General Electric service managers in the U.S. are convinced that there is a strong correlation between good service and repeat sales for the products the Company supplies its customers.

Overseas, the GE experience is similar: the reputation for service has been a strong asset in gaining international orders, making a major contribution to the U.S. balance of payments.

Case in point: two years ago, a GETSCO subsidiary in Dublin took on a demanding project—upgrading one GE mechanical drive turbine and inspecting another at an Imperial Chemical Industries (ICI) plant in England. Dublin's contract called for the work to be done in 16 days—a remarkable feat for the work involved. GE service engineers assembled a team which included 20 GE service shop technicians. They worked in tandem, 24 hours a day, seven days a week. They finished on time.

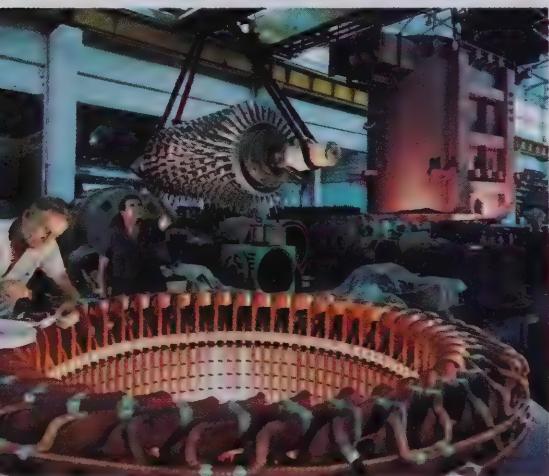
More than a year later, Bechtel Corporation and British Petroleum were in the market for six turbines similar to those used at ICI

for installation at a natural gas facility on little Das Island in the Persian Gulf. One catch: the successful bidder would have to provide maintenance up to the standards of the ICI work. British Petroleum told GETSCO sales people that they'd heard about GE's service effort at ICI and wanted comparable service on Das Island.

GE's proposal called for planned, bi-annual maintenance by a 20-man maintenance team working 24 hours a day, seven days a week.

Result: GE's Mechanical Drive Turbine Division at Fitchburg, Mass., got the order for all six turbines.

Keith H. Crandell



Backup to the service work of GE affiliates around the world is provided by GE's Apparatus Service Division. For instance, General Electric do Brasil, S.A. operates five service shops, including the São Paulo shop, where this veteran technician is shown taping the end turns of a waterwheel generator. Service Shop Division provides technical know-how, equipment, personnel as required.



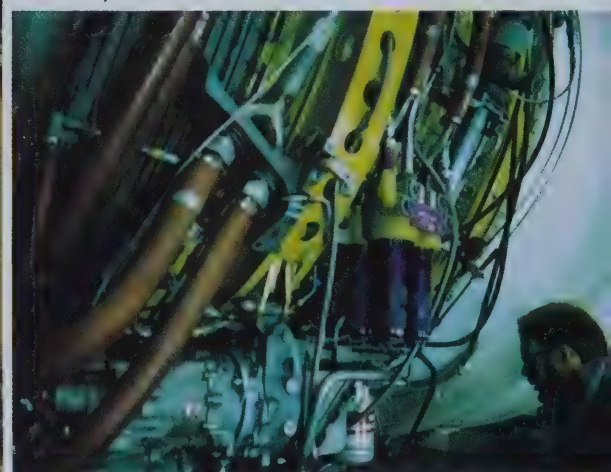
GE applies its service skills to virtually every kind of industry. At a meat-packing plant near Melbourne, Australia, General Electric service engineers put a 20-megawatt GE gas turbine through its paces early this year. New turbines, installed for Smorgon Company, also supply power to the company's paper mill.



Apparatus Service Division's largest business potential is the servicing of motors and generators, a \$700-million-per-year market. Above: repairing motors at GE-Portugal's service center at Lisbon. Every GE service shop has motor maintenance capability.

Jet engine service: prevention is everything

On no product is the concept of preventive maintenance more rigidly adhered to than on General Electric's aircraft jet engines. Around the world, the General Electric Technical Service Company, Inc., maintains several hundred factory-trained technical service representatives. These engineers work closely with the professional service staffs of service facilities maintained by airlines, governments and private contractors. GE service reps review each GE engine overhaul and test and measure results against standards developed at the main engine service center at the Company's jet engine plant at Even-
dale, Ohio.



Service for five European airlines is performed at facilities of KLM near Amsterdam. Resident GE service representatives work with KLM personnel on GE engines used on popular DC-10 aircraft. Above, GE service rep checks CF6-50 engine which has entered test cell for post-overhaul checkout. Sophisticated inspection techniques make it possible to study interior of engine without dismantling. At left, CF6-50 engine undergoes analysis at Toulouse, France, following flight-certification test for European Airbus.

GE's engineering plastics—shape of things to come



Dr. John F. Welch, Jr., recently appointed Vice President and Group Executive of the Components and Materials Group, has been involved in much of the growth and success of General Electric's engineering plastics business. He joined the Company's plastics business after receiving a Ph.D. degree from the University of Illinois in 1960. Subsequently, he served in a variety of management positions, becoming General Manager of the Plastics Department and Vice President and General Manager of the Chemical and Metallurgical Division.

They're making your automobile safer, dwellings and businesses more secure, products more durable, signs and streetlights vandal-proof. They're providing protection for everyone from taxi-drivers to moon-walking astronauts. Result: they're writing one of GE's more important growth stories.

Plastics enter every facet of our lives, from toddler toys to a variety of components in commercial aircraft. But as you examine these applications more closely you begin to observe the term "engineering plastics" and the name General Electric as an important contributor in plastics technology.

Such trade names as Lexan polycarbonate resins, Noryl thermoplastic resins, and Valox thermoplastic polyesters are becoming prominent names among product designers, fabricators and original equipment manufacturers in both the industrial and commercial segments of the economy.

These new materials, with their unusual properties, are giving plastics a new reference and a vast array of new opportunities. They withstand abuse that conventional plastics could never endure. They stand up to temperature ranges that were once unimaginable for plastics. They're tough enough to replace steel in many applications and they're light enough to replace aluminum castings in others. And some of them have great resistance to corrosive chemicals and solvents.

In the automotive industry, for example, GE plastics can be found solving difficult design and performance problems. Front-end grilles on many new cars are now made of plated Noryl, assuring greater resistance against harsh climatic conditions. Signal and taillight lens breakage is being eliminated now that Lexan is being specified for car and truck lamp applications. Noryl dashboards won't warp or crack under the sun's heat.

For under-the-hood applications Valox, which is impervious to oil and gasoline, is being molded into distributor caps, radiator valves and other functional parts. Dome lights, louvers, body panels, wheel covers, instrument panels — all are being molded from GE plastics.

Virtually unbreakable Lexan sheet has proven to be the ideal glazing material for facilities prone to window breakage and forced entry. Lexan is also used as security glazing in banks and public transportation vehicles.

The numerous applications of these high-performance General Electric plastics range from airplane interiors and home furnishings, to display signs and streetlight globes, and from business machine housings to protective helmets.

These engineering plastics are part of the specialty end of the plastics industry, according to Dr. John F. Welch, Jr., Vice President and Group Executive of the Components and Materials Group. "They represent only a small percentage of the industry's multi-billion-pound annual output, but they're growing at a faster rate than plastics generally, which are in turn gaining on other materials. For example, plastics have already passed copper and aluminum in volume and they are gaining on steel. Engineering plastics are the leading edge of this growth curve, and General Electric is a leading worldwide contributor in the industry."

How did GE become a strong competitor in this special field of plastics? "Actually engineering plastics are one of several successful businesses the Company has developed in chemicals and special materials," Dr. Welch notes. "These developments are outgrowths of our quest to build greater reliability into GE manufactured durable goods. But in the case of our plastics technology we realized that we were on the

(continued on page 20)



Lexan® resin—toughest, most versatile of the engineering plastics—is used in applications that range from auto taillight and signal lenses to new designs in home furnishings, such as the virtually unbreakable contemporary chairs shown at left. With more than a dozen special properties, including exceptional impact strength and heat resistance, Lexan has found a major market in protective headgear (below). Many high school and college football teams, as well as all National Football League teams, use Lexan helmets.



Noryl® thermoplastic resins, offering both high performance and economy, fill the gap between premium materials and general purpose resins. Noryl offers exceptional resistance to water and high temperatures. Electrical boxes molded from Noryl resin (left) are ten times tougher than boxes molded of conventional plastics and more economical than metal boxes. They won't dent or break during installation and can withstand rugged abuse on the construction site. Other applications include automotive components, furniture, business machines, television sets, electrical equipment and water distribution equipment. To meet the increasing demand, the Selkirk, N.Y., production facility (above) is being expanded.

Lexan sheet is benefiting from today's emphasis on safety and security. Mar-resistant Lexan glazing, clear as glass but tough as metal, is being specified by architects wherever breakage, vandalism or forced entry is a problem. Virtually unbreakable signs, lamp globes, components for aircraft interiors, face shields for astronauts, protective partitions for banks and taxicabs—these uses indicate the range of demands that are requiring further expansion of GE's Lexan production facility (below) in Mount Vernon, Indiana.

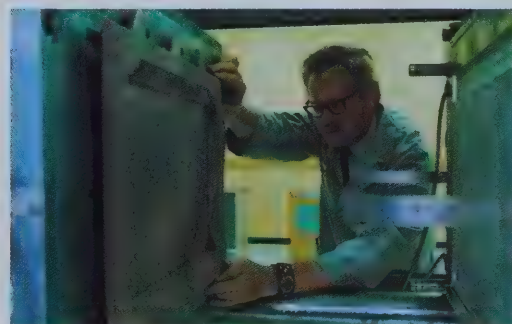


Valox® thermoplastic polyesters offer a new line of GE engineering materials that are designed to meet increasingly strict standards for safety and reliability. Resistant to solvents, oil and gasoline and offering high heat resistance, Valox has found a ready market in automotive applications for such parts as the louver in the car shown and rear body panels. Under-the-hood applications include both electrical components and radiator parts. As shown above, Valox pellets are molded into many types of parts for appliance, electrical, hardware, liquid-handling and transportation markets.





Structural foam plastics, which consist of a solid cellular core with an integral solid skin, are under study at GE's plastics laboratory in Pittsfield, Mass., shown below. It has the properties and manufacturing economies of sheet metal, but can outperform metal in many applications, as in housing for business machines shown at left. Foamed plastics' strength-to-weight ratios are two to five times better than those of metal. And because molds fill by internal expansion, foamed plastics can be molded into parts far larger than is possible with other plastics.



Genal® injection moldable phenolics add a new dimension to the Company's oldest plastics line. Fast, high-production injection molding techniques, previously used only with thermoplastics, can now be applied to phenolics. Offering both economy and proven performance advantages, Genal and conventional phenolic compounds are a mainstay in appliance components such as those for General Electric's Self Cleaning Spray and Dry Iron. As shown above, General Electric now offers phenolics as dust-free Genal pellets.

threshold of a real growth opportunity in an industry that is far out-pacing the economy. We are now participating in this opportunity by combining technology with an entrepreneurial management philosophy," a combination which has today made GE the worldwide leader in engineering plastics.

"Our emphasis on technology has not diminished with our success," Dr. Welch adds. "The newest technical development, GE engineering structural foam, is just in its formative stages as a business. It has the properties and manufacturing economies of sheet metal, but actually has a greater strength-to-weight ratio. Above all, it frees plastic molders from present size limitations—it can be used to mold really large parts, like appliance and machinery housings. And because of its property characteristics it could be one of the real growth stories of the 1970's."

In the competitive plastics industry, though, technology provides only the base for success. Says Dr. Welch: "Our growth in plastics is attributed in large part to our emphasis on market development and our extensive program of working with designers, fabricators and end users. This is accomplished through a broad network of field technical personnel operating from design engineering centers throughout the world. At these centers, customers work with our experts on part design, materials selection and fabrication techniques."

The combination of technology and broad customer-oriented application development has spelled success for General Electric both in the U.S. and abroad. "We've been growing at a rate greater than the worldwide plastics industry," Dr. Welch comments, "and we expect to maintain this

growth rate. We're further expanding our production capability at both of our major U.S. facilities—Selkirk, New York, and Mount Vernon, Indiana — and have begun construction on a major addition to our European facility at Bergen op Zoom, The Netherlands. In Japan, we have a joint venture, Engineering Plastics, Ltd., which serves Far East markets. These European and Far East businesses are growing at rates equivalent to the U.S. and both are making profitable contributions to today's earnings."

In summarizing the prospects he sees for GE's engineering plastics, Dr. Welch cites the slogan used to promote the new foamed plastics business—*The Shape of Things to Come*. "Our General Electric engineering plastics business," he states, "is in the hands of talented, enthusiastic people who are making this slogan a reality."



International scope of GE's plastics businesses is demonstrated by new plant of the European affiliate, General Electric Plastics B. V., at Bergen op Zoom, The Netherlands.



Britain's Princess Margaret recently viewed an exhibition in London which included protective helmets molded from General Electric Lexan resin.

Do you
have a
question
about
General Electric
operations?

see page 4.

iances castle t enient g your gdom.

Now everyone can live royally! Like a castle full of servants, General Electric major appliances simplify household chores and make life more enjoyable.

Wash your royal robes in a new GE Automatic Washer with the unique Dispensall™ System that automatically adds pre-wash soak, detergent, liquid bleach and fabric softener into the correct wash cycle. Then, dry them in a new GE Dryer with Permanent Press/Poly-Knit cycles.

No more long banquet preparations or messy oven chambers to clean when you use a GE Range with the Versatronic® Oven System that cooks with Microwave energy, cooks conventionally, or cooks both ways at once...and cleans itself electrically. The GE Potscrubber dishwasher with Power Scrub™ Cycle gets pots, pans and even crusty kettles clean. Every GE Dishwasher also features a built-in soft food disposer. And, for large or hard scraps, there's the GE Scrap-Snapper Disposall® Food Waste Disposer—efficient like a moat full of barracuda.

You can command crushed or cubed ice to chill your favorite potion—or ice water to fill your favorite goblet—right through the freezer door. It's easy with the beautiful 23.6 cu. ft. Americana® No-Frost Refrigerator with Custom Ice Dispenser.

And then you can keep a cool court with a 4000 BTU/Hr. GE Carry-Cool™ Room Air Conditioner.

So, next time you're standing at the castle marsh and hear "Double, double toil and trouble" remember...

That comes from Macbeth.
Never from a GE kitchen.

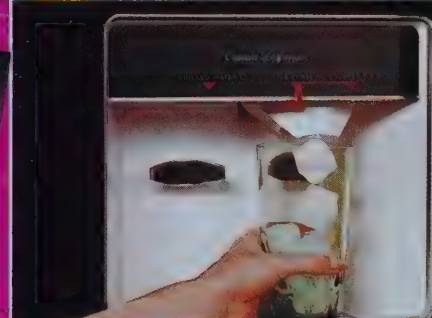


The new Dispensall™ system automatically adds soak, wash and rinse ingredients into the correct wash cycle.

The GE P-7® Self-Cleaning Oven system cleans entire oven, shelves and surface unit reflector pans.



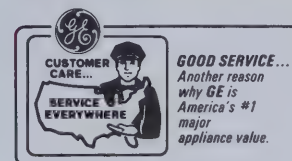
General Electric can show you this. Because we have the dishwashers that will do this—the Potscrubbers.



Custom Ice Dispenser delivers ice—cubed or crushed—and chilled water right through the freezer door.



The GE Carry-Cool™ Room Air Conditioner weighs only 43 pounds.



Customer Care Everywhere™ Service is a quality feature of every GE appliance. General Electric factory service promises convenient morning or afternoon appointments to cut down the time you spend waiting for the service technician; radio-dispatched mobile service vans that carry \$3,500 worth of parts each so most repairs can be completed in a single call; and neat, courteous, competent Customer Care Everywhere Service technicians.

General Electric...America's #1 Major Appliance Value

GENERAL  ELECTRIC



threshold of a real growth opportunity in an industry that is far out-pacing the economy. We are now participating in this opportunity by combining technology with an entrepreneurial management philosophy," a combination which has today made GE the worldwide leader in engineering plastics.

"Our emphasis on technology has not diminished with our success," Dr. Welch adds. "The newest technical development, GE engineering structural foam, is just in its formative stages as a business. It has the properties and manufacturing economies of sheet metal, but actually has a greater strength-to-weight ratio. Above all, it frees plastic molders from present size limitations—it can be used to mold really large parts, like appliance and machinery housings. And because of its property characteristics it could be one of the real growth stories of the 1970's."

In the competitive plastics industry, though, technology provides only the base for success. Says Dr. Welch: "Our growth in plastics is attributed in large part to our emphasis on market development and our extensive program of working with designers, fabricators and end users. This is accomplished through a broad network of field technical personnel operating from design engineering centers throughout the world. At these centers, customers work with our experts on part design, materials selection and fabrication techniques."

The combination of technology and broad customer-oriented application development has spelled success for General Electric both in the U.S. and abroad. "We've been growing at a rate greater than the worldwide plastics industry," Dr. Welch comments, "and we expect to maintain this

growth rate. With production capacity in U.S. facilities at Mount Vernon, New York, and construction on a new European facility at Dordrecht, Netherlands. In the future, Engineering Center in the Far East market.

East businesses are growing at rates equivalent to the U.S. and both are making profitable contributions to today's earnings."

In summarizing the prospects he sees for GE's engineering plastics, Dr. Welch cites the slogan used to promote the new foamed plastics business—*The Shape of Things to Come*. "Our General Electric engineering plastics business," he states, "is in the hands of talented, enthusiastic people who are making this slogan a reality."

Do you have a question about General Electric operations?

see page 4.



International scope of GE's plastics businesses is demonstrated by new plant of the European affiliate, General Electric Plastics B.V., at Bergen op Zoom, The Netherlands.



Britain's Princess Margaret recently viewed an exhibition in London which included protective helmets molded from General Electric Lexan resin.

Having GE appliances in your castle is almost as convenient as ruling your own kingdom.

Now everyone can live royally! Like a castle full of servants, General Electric major appliances simplify household chores and make life more enjoyable.

Wash your royal robes in a new GE Automatic Washer with the unique Dispensall™ System that automatically adds pre-wash soak, detergent, liquid bleach and fabric softener into the correct wash cycle. Then, dry them in a new GE Dryer with Permanent Press/Poly-Knit cycles.

No more long banquet preparations or messy oven chambers to clean when you use a GE Range with the Versatronic® Oven System that cooks with Microwave energy, cooks conventionally, or cooks both ways at once... and cleans itself electrically. The GE Potscrubber dishwasher with Power Scrub™ Cycle gets pots, pans and even crusty kettles clean. Every GE Dishwasher also features a built-in soft food disposer. And, for large or hard scraps, there's the GE Scrap-Snapper Disposall® Food Waste Disposer—efficient like a moat full of barracuda.

You can command crushed or cubed ice to chill your favorite potion—or ice water to fill your favorite goblet—right through the freezer door. It's easy with the beautiful 23.6 cu. ft. Americana® No-Frost Refrigerator with Custom Ice Dispenser.

And then you can keep a cool court with a 4000 BTU/Hr. GE Carry-Cool™ Room Air Conditioner.

So, next time you're standing at the castle marsh and hear "Double, double toil and trouble" remember...

That comes from Macbeth.
Never from a GE kitchen.

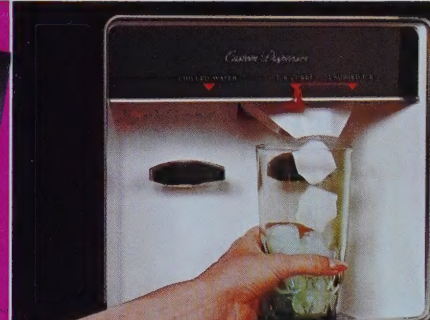


The new Dispensall™ system automatically adds soak, wash and rinse ingredients into the correct wash cycle.

The GE P-7® Self-Cleaning Oven system cleans entire oven, shelves and surface unit reflector pans.



General Electric can show you this. Because we have the dishwashers that will do this—the Potscrubbers.



Custom Ice Dispenser delivers ice—cubed or crushed—and chilled water right through the freezer door.



The GE Carry-Cool™ Room Air Conditioner weighs only 43 pounds.



Customer Care Everywhere™ Service is a quality feature of every GE appliance. General Electric factory service promises convenient morning or afternoon appointments to cut down the time you spend waiting for the service technician; radio-dispatched mobile service vans that carry \$3,500 worth of parts each so most repairs can be completed in a single call; and neat, courteous, competent Customer Care Everywhere Service technicians.

General Electric...America's #1 Major Appliance Value

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The Great come from

General Electric is in the forefront today of everything that's exciting and innovative in home entertainment products. Here's a sampling of our newest top performers.

1. Radio/Cassette Recorder. Record live or directly off-the-air. High-quality FM/AM radio. Built-in mike, automatic end-of-tape shut off, 3-way power capability. **M8525.**

2. 10" Diagonal Porta Color® TV. The perfect portable color TV companion with its own swivel base. Over one-million Porta Color® sets sold to date.

Brighter, sharper than ever before with the new, "in-line" picture tube and slotted mask. 100% solid-state chassis. **QA5312WD.**

3. TV Band Radio. When you can't be near your TV set, you can hear your favorite TV programs on this new portable radio. Plays FM/AM plus TV sound from Channels 2-13. **P4930.**

4. 9" Diagonal Monochrome TV. Add class to the pad with this cool entertainer from GE. Designed to be "with it." Ultra-Vision Screen for sharp daylight viewing, Insta-View™ circuit for almost im-

2. QA5312WD \$299.95**

**1. M8525
\$ 62.95***



6. SC4205 \$339.95*



5. MB9168PN \$749.95**

Home Entertainment Business Division, Syracuse, N.Y.



Entertainers General Electric

mediate picture and sound. Personal earphone for private listening convenience. **SF1608VY.**

5. 25" Diagonal Mediterranean Console Color TV. Get the brightest, sharpest color picture in our history with GE's Black Matrix Spectra-Brite™ IV Picture Tube. Backed by GE's award-winning 100% Solid-State Modular Chassis and easy to operate One Touch Color® tuning system. **MB9168PN.**

6. 4-Channel Sound System. Plays stereo and 4-channel 8-track tape cartridges. Built-in decoder for 4-channel matrix records and broadcasts. Its

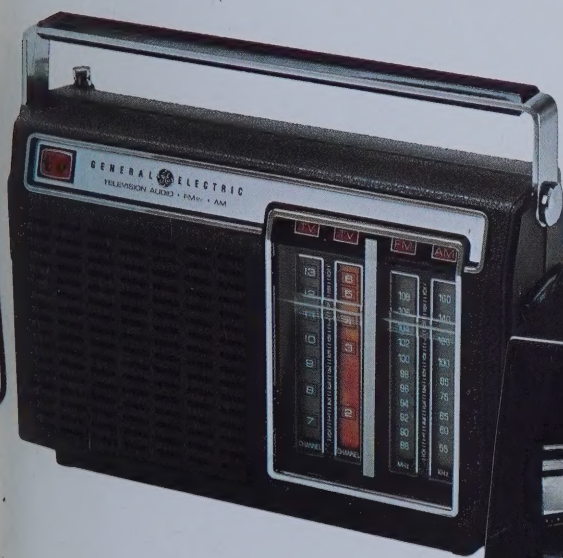
single Quadrabalance control balances all four speakers simultaneously. **SC4205.**

7. Electronic Digital Clock Radio. The most advanced clock radio GE has ever made. Sophisticated electronic circuitry gives precise time. Computer-type illuminated digital read-out. Space-age features. Superb sound. **C4690.**

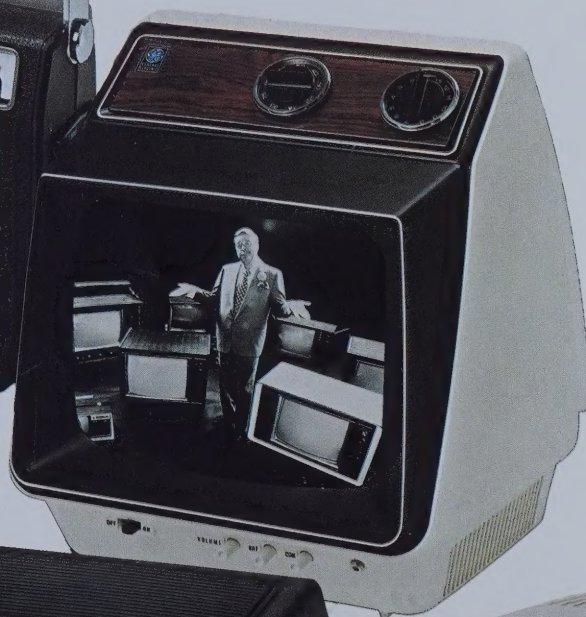
8. 5" Diagonal Monochrome TV. A personal size TV for your individual viewing pleasure. Complete with earphone, a digital clock with 24-hour alarm. Plus 100% solid-state reliability. **BA1202VY.**

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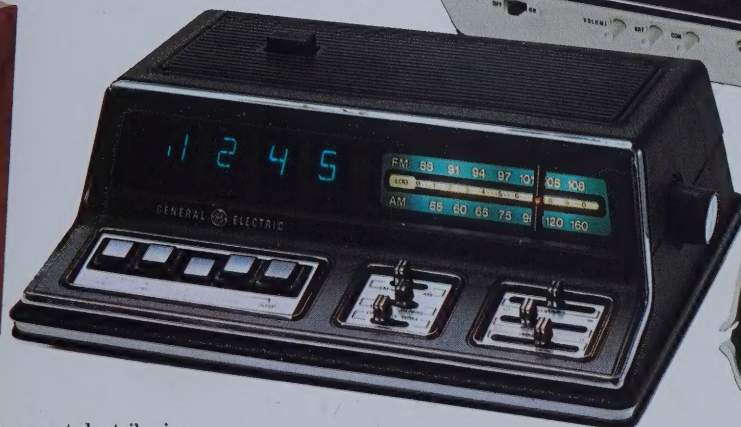
3. P4930 \$42.95*



4. SF1608VY
\$ 79.95**



7. C4690 \$125.00*



8. BA1202VY \$129.95**



*Mfr's. suggested retail price

**Mfr's. suggested retail price
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Technicians at work on a gas turbine typify GE's Service Revolution... see page 6.

